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ABSTRACT

The text of federal oversight hearings on Title III of the Institutional Aid Program is presented. Statements by various college administrators, higher education association representatives, and state legislators are included. The proposed regulations were issued pursuant to Title III of the Education Amendments of 1980. In addition to clarifying the Department of Education's (ED) proposed regulations, the hearing is also designed to identify the data needed to carry out Congress's intent and to assure smooth operation of the grant process. Attention is directed to four basic issues: (1) institutional eligibility and use of 1978-1979 Pell Grant data in determining institutional eligibility; (2) the definition of "substantial" as proposed in the regulation; (3) emphasis on achieving institutional self-sufficiency or graduation from the Title III program; and (4) the regulatory limitations placed on explicit statutory set-asides for community colleges and historically black colleges. To be eligible, an institution must enroll a substantial percentage of students receiving need-based student financial assistance under Title IV, and the average amount of this student assistance must be high as compared with similar institutions. Based on the ED assumption that Congress expected that the statutory eligibility criteria would identify institutions that serve low-income students, the Department suggests that 35 percent be used as the definition of "substantial percentage," and advises that the high-average award requirement in the law be deleted. (SW)

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# OVERSIGHT HEARING ON TITLE III OF THE INSTITUTIONAL AID PROGRAM

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## HEARING

BEFORE THE

SUBCOMMITTEE ON
POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-SEVENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, D.C., ON
NOVEMBER 12, 1981

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# OVERSIGHT HEARING ON TITLE III OF THE INSTITUTIONAL AID PROGRAM

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THURSDAY, NOVEMBER 12, 1981

House of Representatives,
Subcommittee on Postsecondary Education,
Committee on Education and Labor,
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:45 a.m., in room 2257, Rayburn House Office Building, Hon. Paul Simon (chairman of the subcommittee) presiding.

Members present: Representatives Simon, Andrews, Eckart, and Erdahl.

Also present: Representative Derrick.

Staff present: William Blakey, counsel, and Jennifer Vance, minority senior legislative associate.

Mr. **Erdahl** (acting chairman). Good morning. Perhaps we could get the hearing underway. Chairman Simon is delayed at another meeting and will be along shortly, as well as some of my other colleagues, but I am certain that members of the several panels scheduled for today have other things on their agenda. I think it is well that we get underway, so that we can get the testimony onto the record.

Today we have an oversight hearing on title III, the institutional aid program. Perhaps it would be proper, since Chairman Simon is not here, to read a statement that I think gives the proper background for the meeting, the reason for the meeting. I understand there is some concern over the formula. We have some people from the various institutions and colleges involved here today, representing many others, of course, who cannot be here, dealing with some proposed regulations, and with perhaps some needed changes in the statute.

I will read Chairman Simon's statement for the record at this time:

> The Subcommittee on Postsecondary Education today is holding an oversight hearing on the proposed title III, institutional aid regulations, which were published in the Federal Register on July 20, 1981. These regulations were issued pursuant to title III of the Education Amendments of 1980, Public Law 96-374, almost 10 months after the new law was enacted.
>
> Title III funds have made a substantial impact on the growth and development of many of the Nation's smaller colleges, especially community colleges and the historically black colleges and universities. Unfortunately, the program has also been plagued by administrative problems and continuing controversy.
>
> During last year's reauthorization process, this subcommittee and subcommittees in the other body spent more time reviewing the title III program than any other, except student aid. We sought guidance from the administration, eligible institu-

tions, and others in developing a workable formula for objectively determining institutional eligibility. The Congress wanted to and decided to replace the vague criteria for the old developing institutions program, that is, out of the mainstream and struggling for survival.

The new law governing the program has two objective determinants of eligiblity: First, the institution must have a substantial number of students receiving higher than average Pell grant awards, part A, and or a substantial number of students receiving higher than average grants under title IV, part B; and, second, the institution must also have low average educational and general expenditures, that's E and G, per full-time equivalent student when compared with similar institutions.

The institution must also be legally authorized to provide within the State a program leading to a baccalaureate degree. The school must be accredited.

The criteria Congress selected were intended to identify schools and target aid on a limited number of eligible schools, not necessarily all of the previously eligible institutions. On the other hand, the Congress did not intend to dislocate an entire class of eligible institutions.

The hearing today is intended to obtain a better understanding of the Department's proposed regulations, clarify the data needed to carry out Congress's intent and assure smooth operation of the grant process in the coming year.

We want to address four basic issues: One, institutional eligibility and use of 1978-79 Pell grant data in determining institutional eligibility; two, the definition of substantial as proposed in the regulation; three, emphasis on achieving institutional self-sufficiency or graduation from the title III program; and, four, the regulatory limitations placed on explicit statutory set-asides for community colleges and the historically black colleges and universities.

I—this is Paul Simon speaking—have personally received more than 35 letters on these and related issues. In addition, many of my colleagues in the House have written or spoken to me about these regulations. My hope is that we can find some answers here today.

Before we begin, I want to encourage all of our witnesses to summarize their written statements—which will be included in the record—while highlighting the principal points. We wish to give everyone an opportunity to be heard, and I'll underscore that as the acting chairman. If you feel more comfortable reading your statements, obviously, we'll accept that. If, for the sake of time, you can condense it and summarize it, the committee will have some questions. We can proceed in that way.

The first witness today is not a newcomer to the Hill and we welcome back—I've got to get your right title—Hon. William Clohan, Under Secretary of Education. Bill worked on the Hill for this committee and it was my privilege to serve with you and we welcome you back, Bill, in your new capacity. Why don't you proceed in a way that you find most comfortable at this time?

## STATEMENT OF WILLIAM C. CLOHAN, JR., UNDER SECRETARY, U.S. DEPARTMENT OF EDUCATION

Mr. CLOHAN. Thank you.

I would like to ask, if I could, Mr. Erdahl, that Mark Blazey of the Office of the Executive Secretariat, and Charles Dees, who is Executive Assistant to the Assistant Secretary for Postsecondary Education, also share the table with me. I would also like to point out that Steve Kraut, of the General Counsel's Office, and Marie Eldridge, who is Administrator of the National Center for Education Statistics, are behind me and I may have to refer to them for some expertise.

Mr. ERDAHL. All of you are welcome to the hearing this morning.

Mr. CLOHAN. I will try to summarize as best I can my statement. I will ask that it be put in the record in full because of the detail and complexity of the issue and the importance of the Department's role in administering the title III program. I may find it necessary to read through a good portion of it.

It does give me a great deal of pleasure to come before the committee this morning to discuss an issue and a program that, as you noted in the opening statement, has had a lot of controversy involved with it. Both the House and the Senate, last year and the year before held a series of oversight hearings and legislative hearings.

Congress has found, and the Department very much agrees, that there are many institutions out there that do have scarce resources. They face many problems which threaten their ability to survive. These problems relate to management and fiscal operations and in particular the inability to deal with long-range planning, recruitment, and development activities. The solution to these problems would enable these institutions to become viable and thriving.

The Department has long recognized that these institutions, many of whom are historically black institutions, play a vital role in the American system of higher education. And it is our objective to help these institutions as much as possible to become self-sufficient, in some ways through the title III program to the extent that they are funded by title III, and also through the White House initiative on historically black colleges.

I think some of you may have seen the Washington Post article yesterday which noted that Pepsico, Pepsi Cola Co., has given $1 million to the United Negro College Fund to assist them, and it is the objective of the administration to see private sector funds give that type of support.

In the spirit of helping these institutions graduate from the need for unending Federal financial assistance, the Department, under the previous administration, supported changes in the authorizing legislation. These changes, which were in the Education Amendments of 1980, replaced the old strengthening developing institutions program with three new institutional aid programs.

Proposed regulations were published in the Federal Register for public comment back in July. We've heard some criticism of the fact that we have not held open hearings. I think it is important to go through the reasons for that and the things that we have done to insure that there is continued debate and input to the final rules.

We are under a great deal of fiscal constraint and holding hearings in the field is quite costly. We have found with the written comments on the proposed rules that most of the discussion, most of the disagreement, and certainly most of the comment deals with statutory requirements, and not the regulations themselves.

We took extra steps to make sure that all interested parties had an input. We mailed out 1,500 copies of the proposed regulations to all current title III grantees, to all applicants for title III grants in 1981, and to all persons requesting information for the 1982 award cycle.

We received many comments, approximately 200. I'd really like to emphasize this. The comments were almost totally on the statutory requirements.

The area where we do have a great deal of discretion, although I think it will be a great deal of our discussion this morning, is where to set the cutoff for a substantial number of low-income students. I'll get into that more specifically later.

Nearly all public commentors expressed concern over two of the eligibility criteria established in the law. First, to be eligible an institution must enroll a substantial percentage of students receiving need-base student financial assistance under title IV. Second, the average amount of this assistance to students at applicant institutions must be high in comparison with the average amount of assistance at all similar institutions.

Regarding the first criterion, the statute does not define the term "substantial percentage" thus leaving that responsibility to the Secretary of Education.

It was very difficult to settle on a definition of "substantial percentage" that was reasonable, fair, and satisfactory to all types of institutions. Data for the 1978–79 academic year indicate that nationwide, on the average, 25 percent of undergraduate students enrolled in institutions of higher education on at least a half-time basis and therefore potentially eligible to receive Pell grants, actually received them.

This percentage did not vary among 2- or 4-year or public or private institutions. Therefore, one possible definition of "substantial percentage" would be 25 percent, since this is a national average. However, as you know, Mr. Erdahl and Mr. Eckart, Senators Pell and Stewart, on the floor of the House in 1980, in June of 1980, had a colloquy regarding the definition of "substantial," and going back and forth between 40 and 50, they settled on 45.

I'd like to point out without trying to put words into their mouths, at that time it is my understanding there was not data available on the number of institutions that would be eligible by using the 45-percent threshold. I won't say that it was a guess but certainly as far as the Department is concerned, no one knew where that would cut off institutions.

Before issuing the proposed rules, the Department staff reviewed existing data to estimate what the effect of the various substantial percentage thresholds would be on the pool of eligible institutions. I think it is important that we go through this to show who would be cut out and who would be left in.

At the 45-percent level approximately 450 institutions would have been eligible under either part A or B.

At the 35-percent level, approximately 650 would have been eligible.

At the 25-percent level, more than 800 institutions would have been eligible.

Because of recordkeeping problems, these estimates were based on incomplete data. We soon realized that no one knows for sure how the definition of substantial percentage would affect institutions nationwide within each State by type and control or individually.

Therefore, we believed that it would be helpful to see the public comments regarding the definition of substantial percentage.

As could be expected, public comment on the definition was divided according to the circumstances at individual institutions.

For example, institutions whose percentage of need-base student financial aid recipients exceeded 45 percent believe the Secretary should establish a minimum threshold at 45 percent. Conversely, those institutions enrolling a smaller percentage felt that the definition of 35 percent, which we suggested in our proposed rules, should actually be lowered, closer to 25 percent.

It is our assumption, based on a reading of the title III statute and the legislative history, that Congress expected that the statutory eligibility criteria would identify institutions that serve low-income students. Based on this assumption, we believe that if 45 percent is used as the definition of "substantial percentage," many institutions that clearly intended to be eligible would be eliminated from any consideration.

In fact, we believe that the 45-percent figure would limit eligibility to such an extent that it might be difficult for the Department to operate a discretionary grant program. In fact, it would almost become an entitlement grant program because over 80 percent, closer to 90 percent, of the applicant institutions would be funded.

Although a final decision has not yet been made, it seems that defining "substantial percentage" as 35 is fair and appropriate in that it includes those institutions that serve low-income students and provides an applicant pool that permits the funding of high quality proposals.

As I mentioned earlier, another area of considerable public concern, related to the second eligibility criterion, the average amount of assistance to students at applicant institutions, must be as high in comparison with the average amount of assistance at similar institutions. Thus, this high-average award criterion does not accurately identify institutions that enroll large numbers of low-income students.

Let me emphasize that. This is a statutory requirement which we do not believe reflects the true intent in Congress, does not adequately recognize or represent the low-income institutions or institutions enrolling low-income students.

Let me go through the several factors which leads me to this conclusion. Campus-based assistance to college work study programs, the supplementary grant program, and NDSL's, is awarded to students with financial need at the discretion of each college. The amount of assistance is based on the student's unmet financial need. Unmet need is determined in general by subtracting the student's expected family contribution and the Pell grant award from his or her educational cost. Obviously, the tuition and fees charged by the institution will have a significant bearing on what the unmet need will be.

Furthermore, many colleges choose to award a small number of large grants in an attempt to fill unmet needs complete with relatively few students. Other colleges distribute small grants to many students. Thus the campus-based average award is not an accurate indicator of student need or income, although I admit it is an indicator.

The amount of a Pell grant, unlike campus-based aid, is determined by formula. It considers income. It considers cost. The amount of a Pell grant is not subject to adjustment by the financial aid officer and therefore tends to reflect more accurately the level of student and family income.

However, and this is the important point, the average award for low-income students at a college that charges little or no tuition would be lower than the average award at a college charging high tuition, in spite of the fact that both colleges may enroll equal numbers of comparatively low-income students.

Similarly, the average award at colleges that enroll many part-time students will be significantly lower than the average award at colleges that enroll few part-time students.

Thus, many colleges that make extra efforts to serve low-income students are charging little or no tuition by providing part-time study opportunities or by spreading campus-base assistance among many students, may be denied eligiblity for title III assistance.

For example, and let me quickly give a California and North Carolina impact. In fiscal year 1981, 15 title III grants were made to 2-year institutions in North Carolina. Under the new law, which includes the high-average award requirement, only two such institutions in the entire State would be eligible. If that requirement were deleted, twenty-two 2-year institutions would be eligible.

California, only two 2-year institutions would be eligible to apply. The high-average award requirement if deleted, seven would be eligible.

Moreover, the Department estimates that approximately 30 historically black institutions would be denied eligibility for either part A or part B funding because of the high-average award requirement in the law. More than 25 percent of the member institutions in the United Negro College Fund would be ineligible.

We believe that the effect of the high-average award requirement is contrary to the administration's commitment to enhance black higher education and contrary to the original intent of Congress. Therefore, we strongly support an amendment to delete that criterion.

I would like to emphasize that the projections of eligibility referred to above are based on the 1978-79 student financial aid data. I would also like to point out that we expect to be able to use the more recent 1979-80 data to determine eligibility this coming year. And we hope that in the next 2 to 3 weeks we will be able to finalize that eligibility data.

However, the process of preparing this data for computer analysis will not be completed until early December and, as a result, we cannot identify specifically those institutions that will be adversely affected during the upcoming grant cycle by the high average award criterion. The delay in using 1979-80 academic year data is caused by the fact that many institutions were late in submitting this information or late in resubmitting this information when errors were called to their attention.

Frankly, it is an annual process. It is an annual difficulty. And last year, I think as was noted in the opening remarks, we used preliminary data, the previous administration used preliminary data, and published in the Federal Register. We found out later that once the data was purified that 96 institutions that would have been eligible under the published regulations should have been ineligible. This caused a great deal of consternation in the higher education community and on the Hill. We tried to deal with that in what we thought was the most equitable manner and allowed them to explain why, notwithstanding the fact that they were ineligible, they should be eligible.

It is almost certain that some individual institutions that are not eligible on the basis of the 1978-79 data may become eligible using 1979-80 data, or vice versa. This is particularly true since the Middle Income Student Assistance Act greatly expanded the amount and the distribution of Pell grants. Obviously, the Pell grant impact is quite significant in determining an institution's eligibility.

In spite of the fact that our current projections are based on 1978-79 data, it is important to understand that the overall effect of using that high average award requirement as an eligibility criterion is not likely to change the fact that many of the institutions that we believe Congress intended to benefit from this program will not be able to apply.

Congress does not choose to delete the second eligibility criterion pertaining to high average award. As an alternative, it might be appropriate for Congress to authorize the Department to continue to use the procedures for determining institutional eligibility that were used last year. These procedures, rather than establishing absolute thresholds for eligibility, are a sliding scale to award eligibility points.

Institutions with a higher average Pell grant award, for FTE, would receive more points. Institutions with lower E and G expenditures for FTE, receive more points. And those institutions which score above the 174 threshold which has been used in past years, would be eligible to apply for funds.

In addition, under the previous system, if an institution fails to meet the automatic eligibility threshold but can demonstrate to the Secretary's satisfaction that they didn't really reflect the true needs of the institution, they may apply for a waiver.

This procedure, by establishing uniform guidelines of eligibility, based on enrolling low-income students, permitting exceptions on a case-by-case basis, seems fair and equitable.

I have to point out at this juncture though, that it causes a great deal of political pressure both on the Department and on Capitol Hill and I would urge that we limit—to the extent possible—the waiver authority of the Secretary. This is one area where we don't want waiver authority.

Another method that some current title III grantees have proposed in an effort to solve the problems with institutional eligibility under the new law involves grandfathering all institutions that are currently eligible for title III.

We strongly oppose this method. It is important, I think, to go through the details of why, because I know that Members both in the House and in the Senate are considering such a grandfather amendment.

Grandfathering would make hundreds of institutions eligible who have been receiving assistance for over a decade, yet no longer serve large numbers of low-income students. This obvious inequity is compounded by the fact that a great many institutions who have not had the opportunity to participate in the program in the past could be denied an opportunity in the future in spite of the fact that many enroll a large number of low-income students.

As a matter of policy, institutions that do not serve large numbers of low-income students should not continue to be eligible for assistance.

Again, the 1978 Middle Income Student Assistance Act, greatly expanded the Pell grant program. The Pell grant program is one of the largest bases upon which eligibility is determined. Therefore, you're grandfathering pre-MISSA institutions. And frankly, in 1979, when they were first grandfathered, they were grandfathered from a pool of eligibles back in the mid-1970's. So we would be continuing institutions that bear no or little or no relevance to the current program.

At this time I would like to address some specific questions that Mr. Simon raised in his letter inviting the Secretary to testify. The most fundamental question, it seems, deals with the issue of self-sufficiency or graduation from the title III program.

As you know, both the House and the Senate expressed great concern over the fact that not a single institution has graduated from the title III program during the last 15 years. Consequently, both the House and the Senate bills made it clear that the purpose of the program is to enable institutions to become viable and thriving and therefore independent from the need for title III assistance.

The statute and the legislative history uses terms such as "graduation," "self-sufficiency," and "thriving," to describe the principle that at some point these institutions must stand on their own.

We want to insure, to the maximum extent possible, that institutions will, after a long-term grant, be vital, thriving entities with no need for title III funds. We do not want to mislead institutions into believing that they will continue to receive unending Federal financial assistance under title III as they have during the past 15 years. When I use the word "we" there, I think I am properly noting congressional intent during the reauthorization of this bill last year.

This Department takes very seriously the unmistakable intent of Congress that institutions of higher education serving low income students be provided every opportunity to flourish and to become free from dependency on title III. Through anecdotal evidence and I think through studies that have been conducted, many of the institutions, perhaps unknowingly, or perhaps with the tacit or implicit consent of Congress, have been using title III funds in the past for operating expenditures. This in no way helps the institutions to become self-sufficient and that is the primary purpose of the program.

We agree with the underlying principle that students are better served by institutions that offer high quality educational programs and are administratively and financially stable, thriving, secure.

We want to be sure that all students, especially low income and minority students, have the opportunity to attend quality institutions of higher education.

I do not believe it is possible for the Department to place too much emphasis on self-sufficiency. Any weakening of our emphasis on self-sufficiency would be equivalent to encouraging continued dependency. We believe that this is not only contrary to the intent of Congress but to the principles of sound education.

I want to thank you for allowing me to present my views and the Department's views on the title III programs and I will be glad to answer any questions I can to help clarify my points.

Mr. ECKART (acting chairman). Thank you, Mr. Clohan. The full text of your statement will be made a part of the record of this hearing, as you requested.

[The prepared statement of William Clohan follows:]

### PREPARED STATEMENT OF WILLIAM C. CLOHAN, JR., UNDER SECRETARY, U.S. DEPARTMENT OF EDUCATION

Mr. Chairman, members of the subcommittee, my name is William C. Clohan, Jr. and I serve as Under Secretary of the United States Department of Education. Thank you for the opportunity to appear before the subcommittee today to provide the Department's views on the impact of regulations and law affecting the institutional aid programs under Title III of the Higher Education Act, as amended by the Education Amendments of 1980.

Congress has found, and the Department agrees, that many institutions of higher education in this era of scarce resources face problems which threaten their ability to survive. These problems relate to management and fiscal operations as well as to an inability to engage in long-range planning, recruitment, and development activities. The solution to these problems would enable these institutions to become viable and thriving.

The Department has long recognized that these institutions, many of which are historically black institutions, play a vital role in the American system of higher education. Every effort must be made to help these institutions become self-sufficient and, therefore, free from dependence on the Federal Government for financial assistance under Title III.

In the spirit of helping these institutions graduate from the need for unending Federal financial assistance, the Department under the previous Administration, supported changes in the authorizing legislation—Title III of the Higher Education Act. These statutory changes, contained in the Education Amendments of 1980, replaced the old Strengthening Developing Institutions Program with three new institutional aid programs.

Proposed regulations to implement the new law were published for public comment in the Federal Register on July 20, 1981. The 60-day comment period closed on September 18, 1981.

During the public comment period the Department, because of fiscal and time contraints, was not able to hold public hearings on title III proposed rules. However, in recognizing the vital role that this program plays in the life of many higher education institutions, we took extra steps to ensure that interested parties were aware of the proposed rules and had an opportunity to comment. The Department mailed over 1,500 copies of the proposed regulations to all current Title III grantees, to all applicants for Title III grants in FY 81, and to all persons requesting information on the FY 82 award cycle. Throughout the public comment process, we stressed the importance of carefully reviewing the proposed regulations since they were based on new legislation.

The Department received comments from approximately 200 individuals, institutions, groups, and associations. Commenters primarily expressed concern over statutory requirements—such as the new eligibility formulas—rather than requirements imposed through regulations. Judging from these comments, even if the Department had held hearings it is clear that matters of most concern to the public—the statutory requirements—could not be changed by the Department. Therefore, Mr. Chairman, I am pleased that your subcommittee is holding a hearing on the Title III program so that we can point out the problems that need to be resolved to carry out the program this year.

Nearly all public commenters expressed concern over two of the eligibility criteria established in the law:

First, to be eligible an institution must enroll a substantial percentage of students receiving need-based student financial assistance under Title IV (for Part A, only Pell grants are considered; for Part B, all title IV need-based student assistance is considered).

Second, the average amount of this assistance to students at applicant institutions must be high in comparison with the average amount of assistance at all similar institutions.

Regarding the first criterion, the statute does not define the term "substantial percentage," thus leaving that responsibility to the Secretary.

It was difficult to settle on a definition of "substantial percentage" that was reasonable, fair and satisfactory to all types of institutions. Data for the 1978-79 academic year indicate that nationwide, on the average, 25 percent of undergraduate students enrolled in institutions of higher education on at least a half-time basis, and thus potentially eligible to receive Pell (BEOG) Grants, actually received them. This precentage did not vary among two year, or four year, or public or private institutions. Therefore, one possible definition of "substantial percentage" would be 25 percent since this is a national average. However, as you know Mr. Chairman, colloquy between Senators Pell and Stewart on the Senate floor during consideration of the Education Amendments of 1980, suggest that "substantial percentage" should be defined as 45 percent.

Before issuing proposed rules, the Department of Education staff reviewed existing data to estimate what the effect of various "substantial percentage" thresholds would be on the pool of potentially eligible institutions.

At the 45 percent level, without regard to any other criterion, approximately 450 institutions would have been elibible under either part A or B; at the 35 percent level, approximately 650 would have been eligible; And at the 25 percent level more than 800 institutions would have been eligible.

Because of recordkeeping problems these estimates were based on incomplete data and we soon realized that no one knew for sure how the definition of substantial percentage would affect institutions nationwide, within each State, by type and control, or individually. Therefore, we believed that it would be helpful to see the public comments regarding the definition of "substantial percentage."

As could be expected, public comment on the definition of substantial percentage was divided according to circumstances at individual institutions. For example, institutions whose percentage of need-based student financial aid recipients exceeded 45 percent believe the Secretary should define "substantial percentage" as at least 45 percent. Conversely, institutions enrolling a smaller percentage of student aid recipients believe that the definition of 35 percent suggested in the proposed rules should be lowered.

It is our assumption based on our reading of the Title III statute and legislative history that Congress expected that the statutory eligibility criteria would identify institutions that serve low-income students. Based on this assumption, we believe that if 45 percent is used as the definition of "substantial percentage," many institutions that Congress clearly intended to be eligible would be eliminated from any consideration. In fact, we believe that the 45 percent figure would limit eligibility to such an extent that it might be difficult for the Department to operate a discretionary grant program and spend all of the funds Congress appropriated.

Although a final decision has not yet been made. It seems that defining substantial percentage as 35 percent is fair and appropriate in that it includes those institutions that serve low-income students and provides an applicant pool that permits the funding of high quality proposals.

As I mentioned earlier, another area of considerable public concern related to the second eligibility criteria—the average amount of assistance to students at applicant institutions must be high in comparison with the average amount of assistance at all similar institutions. This "high average award criterion" does not accurately identify institutions that enroll large numbers of low-income students.

This may be due to several factors:

Campus-based assistance—College Work Study, Supplemental Educational Opportunity Grants, and National Direct Student Loans—is awarded to students with financial need at the discretion of each college. The amount of assistance is based upon the student's unmet financial need. Unmet need is determined in general by subtracting the students expected family contribution and Pell grant award from his or her educational cost. Obviously, the amount of tuition and fees charged by the institution will have a significant bearing on whether a student has unmet financial need and the amount of unmet need. Furthermore, some colleges choose to award a small number of large grants in an attempt to fill unmet needs completely for relatively few students. Other colleges distribute smaller awards to many students. Thus, the campus-based average award is not an accurate indicator of student need or income.

The amount of a Pell Grant, unlike campus-based aid, is determined by a formula that considers income and cost. The amount of the Pell Grant is not subject to adjustment by a financial aid officer and, therefore, it tends to reflect more accurately the level of student and family income. However, the average award for low-income students at a college that charges little or no tuition will be lower than the average award at a college charging high tuition—in spite of the fact that both colleges may enroll equal numbers of comparably low-income students. Similarly, the average award at colleges that enroll many part-time students will be significantly lower than the average award at colleges that enroll few part-tme students.

Thus, many colleges that make extra efforts to serve low-income students by charging little or no tuition, by providing part-time study opportunities, or by spreading campus-based assistance among many students may be denied eligibility for Title III assistance. For example:

In fiscal year 1981, 15 Title III grants were made to two-year institutions in North Carolina. Under the new law, which includes the "high average award" requirement, only 2 such institutions in the entire State would be eligible. If that requirement were deleted, 22 two-year institutions would be eligible.

In California, only 2 two-year institutions would be eligible to apply under the current law. If the "high average award" requirement were deleted, 27 would be eligible.

Moreover, the Department estimates that approximately 30 historically black institutions would be denied eligibility, for either Part A or B funding, because of the high average award requirement in the law. More than twenty-five percent of the member institutions in the United Negro College Fund would be ineligible. We believe that the effect of the "high average award" requirement is contrary to the Administration's commitment to enhance black higher education and contrary to the original intent of Congress. Therefore, we would support an amendment to delete that criterion.

Mr. Chairman, I would like to reemphasize that the projections of eligibility referred to above are based on 1978–79 student financial aid data. I would also like to point out that the Department expects to be able to use more recent 1979–80 data to determine eligibility this coming year. However, the process of preparing these data for computer analysis will not be completed until early in December and, as a result, we cannot identify specifically those institutions that will be adversely affected during the upcoming grant cycle by the high average award criterion. The delay in using 1979–80 academic year data is caused by the fact that many institutions were late in submitting this information or were late in resubmitting this information when errors were called to their attention.

It is almost certain that some individual institutions that are not eligible on the basis of 1978–79 data may become eligible on the basis of 1979–80 data—and vice-versa. In spite of the fact that our current projections are based on 1978–79 data, it is important to understand that the overall effect of using the high average award requirement as an eligibility criterion is not likely to change the fact that many of the institutions that we believe Congress intended to benefit from this program will not be able to apply.

If Congress does not choose to delete the second eligibility criterion pertaining to "high average award", as an alternative, it might be appropriate for Congress to authorize the Department to continue to use the procedures for determining institutional eligibility that were used last year. These procedures, rather than establishing absolute thresholds for eligibility, use a sliding scale to award eligibility points. Institutions with a higher average Pell Grant award per full-time equivalent (FTE) undergraduate student receive more points. Institutions with lower average educational and general expenditures per FTE student receive more points. When all points are added together, institutions that score above 174 points are eligible to apply for funds.

In addition, under the previous system, if an institution fails to meet the automatic eligibility threshold but can demonstrate to the Secretary's satisfaction that the data did not accurately reflect institutional conditions, the Secretary may grant a waiver and permit the institution to compete for funds. This procedure, by establishing uniform guidelines of eligibility bases on enrolling low-income students but permitting exceptions on a case-by-case basis, seems fair and equitable.

Another method that some current Title III grantees have proposed, in an effort to solve problems with institutional eligibility under the new law, involves "grandfathering" all institutions that are currently eligible for Title III. We strongly oppose this method. "Grandfathering" would make hundreds of institutions eligible who have been receiving assistance for over a decade yet no longer serve large numbers of low-income students. This obvious inequity is compounded by the fact that a great many institutions who have not had the opportunity to participate in the program in the past could be denied an opportunity in the future, in spite of the fact that they may enroll a large number of low-income students. As a matter of policy, institutions that do not serve large numbers of low-income students should not continue to be eligible for assistance.

Mr. Chairman, at this time I would like to address some specific questions that you raised in your letter inviting the Secretary to testify at this hearing. The most fundamental question, it seems, deals with the issue of "self-sufficiency" or "graduation" from the Title III program. As you know Mr. Chairman, both the House and the Senate expressed great concern over the fact that not a single institution has graduated from the Title III program during the last 15 years. Consequently, both the House and Senate bills made it clear that the purpose of this program is to enable institutions to become viable and thriving and, therefore, independent from the need for Title III assistance. The statute and legislative history used terms such as "graduation," "self-sufficiency," and "thriving" to describe the principle that, at some point, these institutions must stand on their own—or go out of business. We want to ensure, to the maximum extent possible, that institutions will, after a long-term grant, be vital, thriving entities with no need for additional Title III funds. We do not want to mislead the institutions into believing that they will continue to receive unending Federal financial assistance under Title III as they have during the past 15 years.

This Department takes very seriously the unmistakable intent of Congress that institutions of higher education serving low-income students be provided every opportunity to flourish and become free from dependency on Title III. We agree with the underlying principle that students are better served by institutions that offer high quality educational programs and are administratively and financially stable, thriving, and secure. We want to be sure that all students—especially low-income and minority students—have the opportunity to attend high quality institutions of higher education.

Considering this, Mr. Chairman, I do not believe it is possible for the Department to place too much emphasis on "self-sufficiency." Any weakening of our emphasis on self-sufficiency would be equivalent to encouraging continued dependency. We believe this is not only contrary to the intent of Congress, but to principles of sound education.

Mr. Chairman, thank you again for the opportunity to express our views on these important matters. I would like to conclude my remarks by assuring this subcommittee that the Department is making evey effort to ensure that the new Title III program of Institutional Aid is administered soundly to fully meet the purpose of the law and intent of the Congress. Please feel free to call upon me or members of my staff if we can provide any further assistance or information to help resolve the problems I have just described.

Mr. ECKART. Mr. Erdahl, do you have any questions?

Mr. ERDAHL. Thank you, Mr. Chairman. Just a couple of questions.

I want to thank you, Mr. Clohan, for being with us today.

We started out talking about definitions, what is "substantial." I am not sure that we really have the definition of that. It seems like it was determined by a couple of members in the other body in a floor discussion. At best it is a rather subjective judgment, I suppose, what "substantial" means.

You also mentioned a couple of others that I underlined here. When you talk about self-sufficiency, graduation, and assisting institutions that might have difficulties because, in fact, they don't have much money to become self-sufficient, is the Department prepared to do some other things that might involve help other than financial? I think that financial help is the one the institutions are inclined to say that they really need. What will the administration do to improve administrative skills and to become self-reliant, to go on their own?

Mr. CLOHAN. I think there are two things that the Department and the administration are planning to do, particularly with regard to the black colleges. One, I mentioned earlier, and that's the White House initiative. As you probably know, the President issued an Executive order, and I think it has given a great deal of priority to the White House initiative on historically black institutions.

The Vice President has taken a very personal interest in that and as I noted earlier I think the Pepsico grant of $1 million yesterday may at least in part be a result of the Vice President's personal involvement.

I can say that in the next month I expect that the Vice President will bring together a group of corporate leaders with presidents of most of the major historically black institutions in the country to try to create a dialog and to stimulate private giving to those colleges.

The second item, I think is reflected in what the President sees as the Federal role in education for the Department, specifically, or its successor entity. And that is that we try to be supportive and provide technical assistance instead of being instrusive. It is my hope and expectation that the Department, in the coming year, will set up teams of experts in both the financial area and the developmental area to go out, if requested by the institutions, and give them guidance on how they can best develop.

Under part B, we must set aside for historically Black colleges 50 percent of the amount they received in 1979 under the old strengthening developing institutions program. That is a new change in the law. It's not based on regulation but it is in the statutes.

We have also established the 10 percent set-aside for historically black colleges in the college housing program.

Mr. Erdahl. Thank you, Mr. Clohan. In your testimony, you talked about what I guess I would describe as inadequate data that was available, either in the past administration or at the present time, in trying to again determine substantial eligibility requirements. Is better data now available or how do we stand on that situation? Do you have some more information for us in the Congress and in the Department?

Mr. Clohan. In 1978 and 1979 the program became heavily dependent on data pertaining to E and G expenditures and need-based student financial aid. We do have a HEGIS system of higher education information gathering, which provides aggregate data on most institutions throughout the country. And that takes a great deal of time to receive, verify, collate, and prepare these data in usable form. And you are correct that last year, the premature use of those data created a great deal of program problems.

As I noted in my testimony, the school year 1979–80 data is now available for most institutions but it is not purified and we hope that in the next several weeks it will become finalized.

Mr. Erdahl. If I could interrupt you there, I wrote down in my notes here with a question mark behind it, what is to be purified as far as data is concerned? I can see it clarified, and we heard some time ago about things being laundered, but how are they purified? [Laughter.]

Mr. Clohan. I'll take a guess at it and maybe Dr. Eldridge can clarify what I say. I think a better term would be verified. The verification process is that which involves completing data that is not provided in the HEGIS submission or something that is obviously wrong in the application, the HEGIS submission, or a questionable thing. So it involves going back to the institutions to try to get updated or clarified data.

Marie?

Dr. **Eldridge**. I would only say, Mr. Erdahl, that the E and G data is perhaps the most complicated portion of the entire HEGIS survey that we deal with. So they are in the process of editing today, as Mr. Clohan has said, for incomplete data or what would appear to be on the basis of other information on the form inconsistent data. That particular series does take more time in order to, as we say, scrub it down, or fully edit it.

Mr. **Erdahl**. Are those terms of art? You said, scrub it down, purify it. Maybe I'm just not used to this terminology.

Dr. **Eldridge**. Verify the accuracy of the data in terms of a standard edit program which we use in reviewing these submissions from all the institutions before the data is put into the computer for tabulation purposes.

Mr. **Erdahl**. Thank you very much. I don't mean, Mr. Chairman, to be critical, but I would guess that if the—and I speak only for myself and my colleagues can speak for themselves—but I would guess if you err in the submission of the data, the Congress would probably want you to err on the side of editing less rather than editing more. Maybe we have to make some judgments which could be faulty too. That is just an observation.

Another question, Mr. Chairman—Mr. Clohan, you testified on the technical problems in the new title III law. Can you effectively administer the program without some legislative change? I guess what I am asking, does the administration have an official position on this, or what's the Department's bottom line?

Mr. **Clohan**. With regard to the high average award, I think that we would strongly urge legislative change. Applying this provision as an absolute minimum standard definitely excludes many institutions that have been eligible and should be eligible under what we feel is the statutory intent of the program. There are many ways you can do that and obviously an amendment going through the complete legislative process would be very difficult and to the extent that you can use the appropriations process——

Mr. **Eckart**. You know we don't like to do that.

Mr. **Clohan**. I know that. But I just suggest it as an option. I did point out two other ways we could deal with the problem. I would like to emphasize, though, to grandfather all institutions would be a disservice to the program in the long run, that you will be in exactly the same position you are now in the next year and the year after and the year after that, because it will be very difficult, if not impossible, to predict exactly what institutions will be included or excluded until we actually get the applications in January or February. And of course that's what all the Members of Congress and the institutions want to know, will X, Y, or Z institution be eligible or not. That's going to be a problem next year also, and the year after.

Mr. **Erdahl**. Thank you very much.

Thank you, Mr. Chairman.

Mr. **Eckart**. Mr. Andrews.

Mr. **Andrews**. I will pass at this time.

Mr. **Eckart**. Just a couple of short questions. May it be preferable in fact to go to a type of sliding scale as opposed to a definitive statutory percentage?

Mr. **Clohan**. Under current law and under prior year programs we used a sliding scale. We set a not totally arbitrary cutoff of 174. I think that number was developed by putting all of the institutions across the spectrum and figuring out what made a reasonable cutoff in determining eligibility. Maybe one of my colleagues could specify or clarify that point a little bit more and tell how we did it in prior years.

Mr. **Dees**. In the previous year you had different data that was used to determine eligibility and based on the former eligibility criteria, you could establish numbers and levels on a scale. The new eligibility criteria do not allow you to do that because you are dealing with different types of data, that is, you don't have the option of creating a scale.

In lieu of grandfathering or in lieu of other alternatives, it may be appropriate to use the system described in the former regulations to carry out provisions of the current law. The old method would use tables which were a numerical value rather than these averages that we are dealing with in the new legislation.

The nature of the criteria in the new legislation does not allow for us creating tables. That's the answer to the question.

Mr. **Eckart**. So there has been no thought to giving additional points to schools with higher numbers of program recipients?

Mr. **Dees**. Those institutions that would have a large number of Pell grant recipients obviously would have a larger number and they'd have a higher average and that is basically what they are asking in the legislation.

Mr. **Clohan**. That's incorporated in the law. That's a formula that a large number of Pell grant recipients automatically picks up a higher eligibility factor. So, and to my knowledge, the Secretary has no discretion to use Pell grant recipients as a reason for waiver because he would be double counting that part of the formula.

Mr. **Eckart**. Mr. Andrews.

Mr. **Andrews**. Yes, one question if I may. I came in late and I apologize. I had not seen any of this material until I did arrive. I can't follow the details too well because I don't see the big picture. Apparently you are changing eligibility requirements in such manner as to cause certain institutions to receive less funds than formerly and perhaps I assume other institutions receive more. I don't know about the latter. What is the overall picture? What are you trying to accomplish? Do you have less money to work with or is there some ideological or philosophical point of view entailed?

Mr. **Clohan**. No. It is really statutory. It is a result of one eligibilty factor contained in the 1980 education amendments. And it's not a matter—the problem we are discussing now—it is not a matter of anything that is within the discretion of the Secretary to waive. It is statutory.

Let me point out the statutory language. It says that we have to use a new part to our formula which includes high average awards. On page 11 of my testimony, I pointed out that in fiscal year 1981, 15 title III grants went to 2-year institutions in your State, Mr. Andrews, and that under the new law—this is a law, not the regulations—which includes the high average award requirement, only two such institutions in the entire State would be eligible. If that requirement were deleted, approximately 22 institutions would be eligible.

So we are dealing with a statutory problem. And it is a considerable problem and we'd like to correct it, also.

Mr. **Andrews**. What's the means by which that might be accomplished?

Mr. **Clohan**. The appropriations bill, I hate to say, is probably the best and quickest vehicle at this point for correcting that problem. No matter what, if we went to a discretionary program where we set up a criterion such as 174 points, as we have had in past years, I still don't believe there will be sufficient statutory authority to go to that method unless you terminated the current high average award requirement because by law we would be required to use that.

If I could turn to General Counsel's representative and ask him for a clarification, it would be helpful.

Mr. **Kraut**. If the law isn't changed, we cannot go back to the system we used in the past, which was a regulation that used the 174 points with a sliding scale for two factors, because that was based on the old title III legislation. Current title III legislation is totally different. You would have to delete the new eligibility requirements and put back something in the law which would allow us to use the sliding scale.

Mr. **Erdahl**. If the gentleman would yield at that point, let me ask Mr. Clohan this. Is this modification so important to Secretary Bell that he could persuade the President not to veto the appropriations bill if it were included? [Laughter.]

You don't have to answer that.

Mr. **Clohan**. I'll pass that on to the White House.

Mr. **Erdahl**. You've brought up several problems and evidently some have been coming up in recent weeks. Do you have other problems with title III that we probably are going to have to address legislatively? Do others come to mind?

Mr. **Clohan**. There are other more minor problems. Unfortunately, I am not prepared to discuss all of them this morning. I do think it is important to focus on the problems that may impede the proper administration of the program this year.

We have approximately four to five technical amendments that I think need to be clarified. One in particular, and that is the use of undergraduate E. & G., education and general expenditures, and what constitutes undergraduate. There are many institutions that have a large budget which incorporates graduate programs and undergraduate programs and the law itself requires that we consider undergraduate dollars in the E. & G. determination.

A lot of institutions have difficulty in breaking down what goes to graduate and undergraduate. But I think we can deal with that and adjust for that this year on a case-by-case basis.

Mr. **Erdahl**. I hope you will send that up.

Now, Mr. Chairman, I would like to ask unanimous consent on behalf of our colleague, Mr. Coleman, that he be allowed to submit some questions in writing to the Department. I'll have to leave to go to another meeting. Maybe we could have that blanket opportunity for members of the committee to submit questions in writing if we see the need for it.

Mr. **Eckart**. Without objection, so ordered.

Recognizing that seniority is the kind of thing that you are against until you have some of your own, I will yield to the gentleman from Illinois.

Mr. **Simon** (chairman). First of all, let me apologize. I see my colleague from South Carolina here and he will appreciate that we are back at budget time again, and so I am in and out.

Let me ask one question, following up on my colleague from North Carolina's question. There are some changes that obviously can be affected through regulation. We are now in a situation where the House has already passed the appropriation. We are facing a possible veto by the President. We are talking about something, a process, that could take quite some time.

You are a veteran on the Hill here. You are part of the bureaucracy that understands the process in Congress very thoroughly. Do you have any suggestions beyond that immediate possibility?

Mr. **Clohan**. Yes, I do. I don't know what your committee's schedule is but if it would be possible for this subcommittee to waive its jurisdiction over the matter, assuming you have agreement among all your members—and I frankly don't know that there would be a great deal of disagreement—to not do this, to make a legislative change, would cause a great deal of disruption.

I would suggest one possibility of taking the bill under suspension of the rules, and the administration would support you and do whatever it could to prevent any opposition to that provision.

I would think then that the Senate could take it at the desk. We'd be glad—we'd be willing—I don't know the difficulties in it, but I think we would be willing to take it at the desk.

Mr. **Simon**. What I understand you to say, Bill, is that we are talking about a separate bill which we would take under suspension and pass through very rapidly here in the House.

Mr. **Clohan**. That's one of the options if you can't use the appropriations process. General Counsel's representative just pointed something out to me. If I could speak to it, it is with regard to the impact of the rider on an appropriations bill that is vetoed.

Mr. **Kraut**. Well, in the past, as you know, we haven't had any formal appropriations bills because of the abortion controversy and the continuing resolutions in effect, except for the dollar amount, did incorporate by reference the provisions that were in the appropriations bill that was reported out of the committee, other than the abortion provision, and therefore, the same thing could happen this year, that even though the bill was vetoed, there was a continuing resolution to incorporate by reference the provisions in the final appropriations bill dealing with title III, and that would picked up as the law and it would be—we could use that.

Mr. **Clohan**. As you pointed out, though, the House has already passed the appropriations bill so the initial action would have to be in the Senate and we have been trying to work with several Senators to get this type of amendment over there, so it could be incorporated by reference.

They are going to the floor today, this afternoon, or tomorrow. We are not sure at this point whether they are going to add that to the appropriations bill. If you are in agreement, I would encourage you to call Senator Stafford, Senator Pell, and Senator Denton, who are particularly interested in clarifying the title III program.

Mr. SIMON. I am just advised by staff, they are not likely to do the appropriations bill this week. That may change at any minute.

Mr. CLOHAN. Sure.

Mr. SIMON. Let me ask one more thing. I hope you will have someone here from your staff to listen to the remainder of the hearing.

Mr. CLOHAN. Definitely.

Mr. SIMON. As you know from experience, there is no area, other than student aid, where we have had more problems than title III.

Mr. CLOHAN. As your opening remarks pointed out, we had more hearings relative to the dollar amounts in particular on title III in 1979 and 1980 than any other program including student aid.

Mr. SIMON. Thank you very, very much for your testimony.

Our next panel is Dr. James Young, Dr. Vincent Darnowski, Dr. Don Garrison, and Dr. Elgin Badwound, and I will call on my distinguished colleague from South Carolina, Mr. Butler Derrick, to introduce the gentleman from South Carolina.

Mr. DERRICK. Thank you, Mr. Chairman, and members of the subcommittee. It gives me a great deal of pleasure to present to you this morning Dr. Don Garrison, president of Tri-County Technical College, located in the Third Congressional District, which I represent.

As I am sure each of you already knows, education is the cornerstone of productive adulthood. Community colleges have played a pivotal role in educating our youth. Dr. Garrison and his faculty at Tri-County Tech have done a commendable job in preparing students for active participation in the work force of South Carolina.

The Department of Education is currently in the process of implementing regulations to administer title III, the institutional aid program that was created as a result of the 1980 Higher Education Amendments, which I supported.

Dr. Garrison, as well as the other college presidents here today, have serious problems with the proposed regulations issued to date and have come before you to voice their concerns.

Mr. Chairman, and members of the subcommittee, I ask that you give full consideration to the testimony presented here and urge you to take whatever steps may be appropriate to address their concerns. Thank you.

Mr. SIMON. We thank you. I assume Dr. Garrison is one of your constituents?

Mr. DERRICK. He makes up about 300 or 400 constituents. But he is one of my constituents.

Mr. SIMON. Dr. Garrison is extremely well represented here in the House of Representatives.

Mr. DERRICK. That's what I keep telling him. [Laughter.]

Mr. SIMON. After that glowing introduction, we'll ask you to be the first member of the panel and we'll go ahead and hear all the panel and then have questions.

Mr. ANDREWS. Mr. Chairman, may I ask a question?

Mr. SIMON. Yes.

Mr. ANDREWS. Am I getting the picture here right now, are we not all in agreement, or are we not just talking about something in which we are praising each other. Are we all in agreement that we'd like to, as Ralph suggested, go back to the law as it formerly was with respect to the matter about which this testimony is occurring?

Mr. SIMON. I don't think it is quite that clear. I think we had better—maybe that will evolve. I don't know. But my feeling is that we are likely to have some suggestions that will differ somewhat from simply returning to the original statute.

Dr. Garrison.

## STATEMENT OF DON C. GARRISON, PRESIDENT, TRI-COUNTY TECHNICAL COLLEGE, PENDLETON, S.C.

Dr. GARRISON. Mr. Chairman, thank you, sir, and I certainly want to thank my own Congressman for taking the time this morning to come and present me. He is very busy when he is at home. His district is up for reapportionment and he is even taking speaking engagements, I understand, over in Georgia. His district may run from the mountains in the north all the way to the sea by the time he gets back in the district again.

But I am pleased, Mr. Chairman, and members of the subcommittee, to be the first spokesperson here this morning to comment, not on the legislation, but on the regulations. Those are our concerns. And I speak, as has previously been referenced, as a president of a 2-year community technical college, but also, I think, as a person who is knowledgeable in the general subject area. I have just come off a 3-year term on the board of directors of the American Association of Community Junior Colleges. I chair our own state presidents council. I think I am pretty close to the pulsebeat in terms of the reactions of community colleges across the country.

My full reaction to the invitation of course is contained in the documents. I will spend some time briefly touching on the eligibility criteria as it relates to the Pell grant percentages. But there is another less glaring point here, but equally as great a hurdle as the Pell grant recipients, because it has to be cleared, that hurdle has to be cleared, as much as the Pell grant recipients percentage, whatever it may be. That is the planning criteria. I plan to deal with that in a little more detail and then have other members on the panel come back to eligibility. So I won't use my time, too much of it, on that point.

But I would again emphasize the point that—and it would be the first point that I make—that our concerns are not with the statutes. Our concerns are with the regulations. The eligibility question certainly is the biggest question of all, or the biggest concern of all. Again, the planning function is critical.

Let me just touch quickly on the eligibility criteria. First, the eligibility criteria needs to be based on a point system, as mandated in the authorizing legislation. Title III has dropped the weighted factor point system used in the past.

Second, substantial percentage of Pell grant recipients under part A and title IV recipients under part B should be 15 to 20 percent for 2-year colleges. This, we believe, would be substantial when comparing all 2-year colleges in the United States.

Title III has proposed 35 percent under part A and 70 percent under part B. The question of what is substantial is still up in the air as far as we are concerned.

If the average Pell grant award is to be used as part of the eligibility criteria, 2-year colleges without dorms—and the majority do not have dorms—should not be compared with two-year colleges with dorms.

Students attending colleges without dorms are limited to the $1,100 allowance for room and board while students attending colleges like the one I represent, with no dorms, can receive whatever is charged for room and board. Therefore, students at colleges with dorms have a much higher average Pell award.

One last point on the eligibility Pell grant criteria or factor. Title III is proposing the base year to be 1978–79 for determining eligibility. This will make any 2-year colleges ineligible because new BEOG regulations requiring measurable progress standards were implemented in 1978-79.

Most 2-year colleges received less BEOG funds during 1978-79, and title III should use, we believe, 1979–80, therefore as a base year.

I will move to the planning part, and then I will hopefully have enough time to come back to the substantial or the self-sufficiency emphasis question. In previous testimony that was offered here this morning, this statement was made. The Department recognizes that most colleges have an inability to deal with long-range planning.

That's almost a quote. Yet, title III has made long-range planning the second most important, and I would say equally important—and I hope my testimony will reveal that—the second most important step in the evaluation process for all colleges who apply.

Now, the first concern regarding the planning area is the long-range planning question. Title III legislation recognizes that colleges have an inability—I am quoting from the law —inability to engage in long-range planning. The point was made again just a moment ago.

This legislation mandates, quote, an institution in its application for a grant shall, one, set forth or describe how it will develop a comprehensive development plan to strengthen the institution's academic quality and institutional management. And so on.

Now here is what the rules say. I hesitate to quote all the legislation because I feel you are familiar with it. Here's what the regs say, the rules, in the Federal Register this past July. One, the Secretary reviews each application for a development grant for information that shows whether the applicant's long-range plan provides for self-sufficiency.

And then, B, in reviewing the applicant's long-range plan, the Secretary looks for information to show that, one, the institution identifies a major problem or deficiencies that inhibit it from becoming—this all-important point—self-sufficient and thriving.

And, two, the institution proposes effective strategies to overcome each problem or deficiency. Another major point is made there, or reg, the Secretary does not consider further, does not consider further, an application—equal, you see, in importance to the eligibility question at that point—for a development grant unless the applicant's long-range plan clearly meets the appropriate criteria in paragraph A of this section, the one I just quoted.

Certainly we recognize the importance of planning, institutional planning. Most colleges continue in the planning process. But the emphasis is on process.

My college, as well as 4-year colleges, does not generally engage in detailed, specific—and I think those are two key points there, detailed and specific—planning for periods beyond 3 years.

Here are the reasons. One, in unstable economic times, such as now, colleges cannot reasonably predict resources from any source, Federal, State, or local, or private sources. Two, we will never achieve self-sufficiency in terms of our reliance upon State, local, or other financial resources. We will achieve self-sufficiency in terms of support that we get from title III funds.

But in addition, the planning experts—and we have attached those that we have consulted with, as appendix E, I believe—these planning experts argue this. One, the planning process is more important than the formalized document which results from this process. Planning has to be a continual process. Planning for 3 years is the recommended timeframe for a plan to cover.

Another point that the planners agree on, in 2-year colleges the instructional program must remain flexible, phasing in and out of programs. At our institution, as an example, we phased out four programs last year so we could respond to higher priority needs. That has to be if we are to respond to the times as change occurs much more rapidly day by day.

Another point, scarce resources must be allocated toward meeting the needs of very diverse students, as has been pointed out—veterans, returning women, handicapped, skill-deficiency students, minorities, and others.

Very few 2- or 4-year colleges could afford, in the first place, the resources to compile a 7-year college plan, nor would they consider it a useful exercise.

Think back for just a moment, if you will, to 1974. How many of us, in 1974, would have been able to develop plans that would guarantee our self-sufficiency today. Look at the changes that have come about in that 7-year period of time.

Now, if colleges choose to use title III funds to develop long-range plans, they will greatly reduce their chances to get a long-term grant because the money will be committed during the next proposal cycle.

Even if there is opportunity to get long-term grant money, a college will have to submit its proposal for a long-term grant before the year of planning has even taken place, assuming funding years begin in October and the proposals are due in January, as it seems now. That is really a catch 22, at that point.

We did a sample of 30 colleges. We surveyed them ourselves. And it would take 18 to 24 months to complete a 7-year plan in the first place. And then at its completion, it is outdated.

In a statement to Senator Baucus dated November 28, 1979, the Honorable John Buchanan, Jr. noted that the House bill on title III would provide a new structural framework which included incentives to enhance long-range institutional planning and movement through the program. A new 4- to 7-year nonrenewable grant is established with 25 percent of the program's appropriation reserved for the category.

The reserve feature will insure availability of substantially larger grants to encourage multiyear planning with anticipated movement out of the program.

Now, from this statement we can see that the House bill did not see long-range planning as an eligibility requirement for a long-term grant but part of the purpose for receiving a grant in the first place.

If the intention of the legislation is to include goals and objectives of the colleges which are related to title III activities, then this would be a more feasible, more relevant approach. A college could much more accurately forecast and plan specific goals and activities with title III resources and plan for the college to assume full responsibility for title III activities over the course of a long-term grant.

If the legislation asked the colleges to show how they will assume responsibility for activities begun with title III funds, the proposed rules should more accurately reflect this intention.

Now another major concern and probably the most critical one, is that the proposed rules note that colleges must submit long-range plans with their applications. And also it is stated Miss Liebermann of the advisory council says that experts still feel readers will review long-range plans to determine if they will provide for self-sufficiency, and if they do not, as determined by these three readers, two "no" votes says your application will not even be considered, just like the Pell criteria.

An institution's proposal, at that point is dead. And certainly this panel of readers will be—and this has been pointed out in conferences with the title III staff—they are going to be different from the external readers who read the proposals.

So the panel experts are concerned about the criteria such readers will use to evaluate a college long-range plan. Planning experts, when they evaluate long-range plans, are in the community. They understand the institution, they know the financial data, they know the State plans, they know the community, and an effective college plan is simply tied to all these different factors.

Evaluating a plan of a college, a long-range plan, is ordinarily the purview of accrediting agencies. We deal with that, we have been dealing with it for years, and, of course, accreditation is an eligibility criteria in itself.

So, accrediting agencies, with their standards—and, again, I have offered my own as just a reference of the Southern Association of Colleges and Schools—we have to deal with.

Now, if in fact a plan demonstrates self-sufficiency, as a separate eligibility requirement which must be met before the application is considered, should it not be included as an eligibility requirement in the rules? That's not even in the rules, yet it is coming.

Another concern of colleges is the qualification of readers of the long-range plans. We have different people from different backgrounds, from private, public, 2-year, 4-year. We would prefer to have readers that understand the different mission of these different kinds of colleges.

And finally, Mr. Chairman, the other major concern is the abuse of this requirement of the long-range plan. In an effort to conform to the rules, this second major hurdle to get title III funding, colleges which do not have adequate planning resources, including sophisticated data gathering processes, personnel, researchers to do the job, technology and expertise to transform data into useful information, they may begin to focus on the document, per se, to satisfy the title III criteria, to be clear, to make application, or indeed to employ ghostwriters to do such a plan that probably would not be worth the paper that it is written on.

A 25-page, long-range planning document, the suggested length of the long-range plan, cannot be effectively evaluated by field readers in the short period of time that they would have in the District to do that. It's just, we think, unrealistic. And even then, once that is done, if they say "no" to us, will we have an opportunity to refute any claims that they make when they don't really understand the institution?

Title III already requires extensive paperwork from colleges. Colleges who submit regular reports rarely, if ever—we have rarely in the 7 years that we have been involved in the title III program and received external evaluation reports at some cost—submit these and ever get feedback.

Beyond that, this requirement is an abuse of a Federal or governmental mandate for paper reduction.

In conclusion, while no colleges can object in principle to the planning process as a legitimate and worthwhile function, they can and do object to, one, a plan which exceeds 3 to 5 years; two, a plan which asks colleges to specify financial resources during an extended period of time; three, the evaluation of the plan by title III when this already is the function of a college's accrediting agency; and, four, the plan being a part—and I guess this sums it up very simply—being a part of the eligibility process.

The same principles of planning that I referenced earlier—appendix C is given as a demonstration of this—that we don't object to.

So the bottom line is this: What changes do we want? One, just use those accreditation planning criteria and be done with it. Two, the format, use the same type of format, the process format, as shown in appendix C. And then, three, planning should not be a criteria at all in the approval process.

The planning hurdle is as critical as the eligibility criteria. Indeed, it is an eligibility criteria. Long-range plan reviews by this panel of three people—and I have already stated—they don't understand the college history, and this aspect is not even in the history of the legislation. It is not in the proposed regs.

But indeed it is—I can't say more important than the Pell grant question or eligibility criteria—but certainly equal to it because it is another hurdle and a hurdle that has to be passed.

I know I have used too much time already and I will just hold and maybe the self-sufficiency question can be addressed later, Mr. Chairman. Thank you.

Mr. SIMON. Thank you very much. The full text of your remarks will be made a part of the record of this hearing.

[Material submitted by Donald Garrison follows:]

## PREPARED STATEMENT SUBMITTED BY DR. DON C. GARRISON, PRESIDENT, TRI-COUNTY TECHNICAL COLLEGE, PENDLETON, S.C.

### I. TITLE III LEGISLATION AND PROPOSED RULES RELATED TO LONG-RANGE OR COMPREHENSIVE PLANNING

The Title III legislation (Public Law 96-374) recognizes that colleges have an "inability to engage in long-range planning." This legislation mandates that "an institution, in its application for a grant, shall—

"(1) set forth, or describe how it will develop a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measureable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title); . . ." (Appendix A)

The proposed rules (Federal Register, Vol. 46, No. 138, July 20, 1981) note that:

"(a) the Secretary reviews each application for a development grant for information that shows whether the applicant's long-range plan provides for self-sufficiency—

(b) in reviewing the applicant's long-range plan the Secretary looks for information show that—

(1) the institution identifies the major problems or deficiencies that inhibit it from becoming self-sufficient and thriving; and

(2) the institution proposes effective strategies to overcome each problem or deficiency.

(c) the Secretary does not consider further an application for a development grant unless the applicant's long-range plan clearly meets the appropriate criterion in paragraph (a) of this section." (Appendix B)

We recognize the importance of institutional planning. Most colleges are involved in a planning process which continues from year-to-year. However, my college, as well as other two and four year colleges do not generally engage in detailed and specific planning for periods beyond three years because:

(1) in unstable economic times, colleges cannot reasonably predict resources from the federal, state, local, and private sources,

(2) we will never achieve "self-sufficiency" in terms of our reliance upon state, local and other financial sources; we will achieve "self-sufficiency" in terms of our reliance upon Title III funds.

In addition, the planning experts argue that:

(1) the planning process is more important than the formalized document which results from this process; planning must be a continual process,

(2) planning for three years is the recommended length of time for a plan to cover,

(3) in two-year colleges, the instructional program must remain flexible—phasing in and out of programs, providing short-term and one-time programs—in response to community and student needs,

(4) scarce resources must be allocated toward meeting the needs of very diverse students—veterans, returning women, handicapped, students with basic skills deficiencies, minorities, and others.

Very few two-or-four year colleges could afford the resources to compile a seven-year college plan, nor would they consider it a useful exercise. Think back to 1974. How many of us would have been able to develop plans then to guarantee our self-sufficiency today?

If colleges choose to use Title III funds to develop a long-range plan, they will greatly reduce their chances to get a long-term grant because that money will be committed during this next proposal cycle. Even if there is opportunity to get long-term grant money, a college will have to submit its proposal for a long-term grant before the year of planning has taken place (assuming funding years begin in October and proposals are due in early January).

A sample of 30 colleges which we surveyed said that it would take 18 months to 24 months to complete a seven-year plan. In addition, at its completion, it would be outdated.

In a statement to Senator Max Baucus, dated November 28, 1979, the Hon. John Buchanan, Jr. noted that the House bill on Title III would "provide a new structural framework which included incentives to enhance long-range institutional planning and movement through the program . . . A new four to seven year, non-renewable grant is established with 25 percent of the program's appropriation reserved for this category. The reserve feature will insure availability of substantially larger grants to encourage multi-year planning with anticipated movement out of the program." From this statement we can see that the House bill did not see long-range planning as an eligibility requirement for a long-term grant, but part of the purpose for receiving a grant.

If the intention of the legislation is to include goals and objectives of the colleges which are related to Title III activities, this is a more feasible and relevant expectation. A college could much more accurately forecast and plan specific goals and activities with Title III resources and plan for the college to assume full responsibility for Title III activities over the course of a long term grant. If the legislation asks the college to show how it will assume responsibility for activities begun with Title III funds, the proposed rule should more accurately reflect this intention.

### II. REVIEW OF LONG-RANGE PLANS BY TITLE III

The proposed rules note that colleges must submit long-range plans with their applications. At a September 24-25, 1981 meeting of the Advisory Council of Developing Institutions, Ms. Alfreda Liebermann announced that expert field readers will review long-range plans to determine if they will provide for self-sufficiency. If they do not, the proposal applications will not be reviewed.

This panel of readers will evidently be different from the panel of external readers used to review the proposals.

Planning experts are concerned about the criteria such readers will use to evaluate a college long-range plan. Usually planning experts do such an evaluation in the context of extensive knowledge of state financial data, state plans, community needs assessment, etc. An effective college plan is tied to multiple information sources.

Evaluating a college's plan is ordinarily the pervue of the college's accrediting agency. Since accreditation is included as an eligibility requirement, would not this requirement for a satisfactory long-range plan be satisfied? Accrediting agencies include in their standards all the elements outlined in the proposed long-range planning process. (See Appendix D for sample standards set by accrediting agency—Southern Association of Colleges and Schools).

And if, in fact, a plan which demonstrates "self-sufficiency" is a separate eligibility requirement which must be met before the application is considered, should it not be included as an eligibility requirement in the proposed rules?

Another concern of colleges is the qualifications of readers of long-range plans. Different college—private, public, two-year, and four-year—would prefer to have readers that understand the varying missions of their colleges.

### III. POSSIBLE ABUSES OF REQUIREMENT OF A LONG-RANGE PLAN

In efforts to conform to the proposed rules and to get Title III funding, colleges which do not have adequate planning resources including:

(1) sophisticated data-gathering processes,

(2) personnel who function as researchers and planners, and

(3) technology and expertise to transform data into useful information may begin to (1) focus on the development of a document to satisfy Title III rather than on a planning process which is relevant and flexible, or (2) to employ ghost writers to satisfy the requirement.

A 25-page long-range planning document (the suggested length of the long-range plan) cannot be effectively evaluated by field readers in a short period of time, nor can such readers provide adequate feedback to the colleges. (Will the colleges have the opportunity to refute claims of field readers?

Title III already requires extensive paperwork from colleges. Colleges who submit regular reports rarely, if ever, receive feedback from Title III staff. Title III staff, with its own limited resources, cannot adequately evaluate or respond to an additional 25 pages per college.

In addition, this requirement is an abuse of a governmental mandate for "paper reduction."

### IV. CONCLUSION

While no college can object in principle to the planning process as a legitimate and worthwhile function, they can and do object to:

(1) a plan which exceeds 3 to 5 years,

(2) a plan which asks colleges to specify financial resources during an extended period of time.

(3) the evaluation of the plan by Title III when this already is the function of the college's accrediting agency, and

(4) the plan being part of the eligibility process.

The same principles of planning as outlined in Title III handout on long-range planning (see Appendix C) could apply to the activities planned with Title III.

## Appendix A.—Title III Legislation Relating to Planning

### "Part D—General Provisions

#### APPLICATIONS FOR ASSISTANCE

"Sec. 341. (a) Any institution which is eligible for assistance under this title may submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availablility of appropriations to carry out this title, the Secretary may approve an application for a grant under this title if the application meets the requirements of subsection (b) and shows that the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought.

"(b) An institution, in its application for a grant, shall—

"(1) set forth, or describe how it will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

"(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 311(b) or 321(b), and in no case supplant those funds;

"(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

"(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

"(5) provide for making such reports, in such form and containing such information, as the Secretary may require to carry out his functions under this title (including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded), and for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

"(6) Provide that the institution will comply with the limitations set forth in section 346;

"(7) include such other information as the Secretary may prescribe; and

"(8) describe in a comprehensive manner any development project for which funds are sought under the application and include—

#### OTHER REFERENCES IN LEGISLATION TO PLANNING

Sec. 301(a) The Congress finds that—

Sec. (2) The problems relate to the management and fiscal operations of certain institutions; and inability to engage in long-range planning, recruitment activities, and development activites.

Sec. 311(b) Award grants . . . in order to assist such institutions to plan, develop, or implement activities.

Sec. 313(c) Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of assisting such institution in the preparation of plans and applications under this part.

Sec. 321(a) The purpose of this part is to provide for a program of short-term Federal assistance to strenghten the planning capabilities, management capabilities, and fiscal capabilities.

Sec. 321(b) May make grants . . . to plan, develop, or implement activities consistent with the purpose of this part.

Sec. 322(10) Inadequate development offices and a limited capacity for long-range planning.

Sec. 323 A grant to enhance the planning capabilities of an institution shall not exceed one year.

## Appendix B.—Proposed Rules Relating to Long-Range Planning

[From the Federal Register, July 20, 1981]

### § 624.11 Planning grant.

(a) Unless otherwise provided, a planning grant may be used for a project to develop—

(1) A long-range comprehensive development plan (long-range plan), as described in § 624.22;

(2) An application for a development grant; or

(3) A long-range plan and an application for a development grant.

(b) The Secretary does not consider awarding a planning grant to an institution—

(1) That is receiving or has received another grant under the Institutional Aid Programs; or

(2) Solely to prepare an application for a development grant under the Strengthening Program if that institution does not submit a long-range plan containing all of the elements described in 624.22

(c) The Secretary does not consider awarding a planning grant to develop a long-range plan to a cooperative arrangement unless the purpose of the grant is to develop a separate long-range plan for each of the participating institutions.

(20 U.S.C. 1057, 1059, 1060, 1062, and 1069)

### § 624.22 Long-range plan.

(a) In its comprehensive long-range development plan (referred to in these regulations as the long-range plan), an institution shall describe its strategy for achieving self-sufficiency by strengthening its—

(1) Academic quality; and

(2) Institutional management.

(b) The long-range plan must include—

(1) The institutional mission statement (that is, a broad statement of fundamental purpose that includes the social and intellectual aspirations of the institution);

(2) Long-range and short-range institutional goals;

(3) Objectives for each major unit of the institution;

(4) Time frames to achieve institutional goals and unit objectives;

(5) Resource requirements; and

(6) Evaluation strategies and performance measures.

(20 U.S.C. 1066)

### § 624.32 Long-range plan to achieve self-sufficiency.

(a) The Secretary reviews each application for a development grant for information that shows whether the applicant's long-range plan provides for self-sufficiency.

(1) In the case of an application for a short-term development grant, the Secretary looks for information that shows whether implementing the long-range plan with Federal funds is likely to result in that institution *moving toward self-sufficiency* by the end of the proposed grant period.

(2) In the case of an application for a long-term development grant, the Secretary looks for information that shows whether implementing the long-range plan with Federal funds is likely to result in that institution *becoming self-sufficient* by the end of the proposed grant period.

(b) In reviewing the applicant's long-range plan the Secretary looks for information showing that—

(1) The institution identifies the major problems or deficiencies that inhibit it from becoming self-sufficient and thriving; and

(2) The institution proposes effective strategies to overcome each problem or deficiency.

Note.—Congress has determined (in section 301 of the Higher Education Act) that eligible institutions face problems that relate to declining enrollments, scarce resources, management, long-range planning, recruitment and development. Long-range plans should address these and any other problems as applicable.

(c) The Secretary does not consider further an application for a development grant unless the applicant's long-range plan clearly meets the appropriate criterion in paragraph (a) of this section.

Note.—The Secretary does not assign points to this criterion. Rather, the Secretary determines whether or not the applicant meets the criterion.

(20 U.S.C. 1057, 1059, 1060, 1064, and 1221e–3)

## APPENDIX C

Copy of draft of required components for the institutional long-range plan, distributed at a NAFEO (National Association for Equal Opportunity) Meeting on September 23, in Atlanta.

This long-range plan should be 25 pages in length as stated by Ms. Alfreda Liebermann.

### TITLE III.—INSTITUTIONAL LONG-RANGE PLANNING

*1. Institutional mission statement*

A statement of purpose of the institution. The statement should indicate the factors that make the institution unique. Specificity in the statement can be met by addressing appropriate items from the following list:

(a) Characteristics of the students and community to be served by the institution.
(b) Types of programs offered by the institution.
(c) Level of programs offered.
(d) Intended outcomes.
(e) Unique educational approaches.

*2. Long range and short range goals.*

Long range—4 years or more.
Short range—1 to 3 years.
(a) Academic programs.
(b) Student services.
(c) Student body.
(d) Academic support resources.
(e) Institutional revenues.
(f) Financial assets and liabilities.
(g) Staff/faculty resources to add or, to achieve a more appropriate business faculty, fewer education faculty or staff.
(h) Administrative/management capacities (policies and procedures).

*3. Objectives for each major unit of the institution*

In most cases, achieving institutional goals will require the collective efforts of the entire institution. For planning purposes it is useful to think through organizational unit objectives in two ways. First, in the context of assigning responsibility for goal achievement to organizational units—a statement of the strategies to be followed in pursuing each goal (e.g.,).

Goal 1—steps to be taken (objectives to be achieved) and responsible organization units.

Goal 2—steps to be taken (objectives) and responsible organization units.

Second, in the context of specifying the full ranges of objectives for each unit—these can include objectives to be achieved in support of major institutional goal as well as objectives that are important to the ongoing operation of the institution but have not been singled out for special attention and incorporation specifically into institutional goals:

Organization Unit A—Objectives to be puursued
Organization Unit B—Objectives to be pursued
Statements of objectives usually include the following components:
The change to be affected or the condition to be achieved.
The entity in which the change will be affected.

*4. Time frame*

An indication, by years, of when goals/objectives are intended to be completed/achieved.

*5. Resources requirements*

A statement of the resources required to meet institutional goals and the objectives of the major organizational units with in the institution. The statement of resources takes the form of:

(a) Dollar resources required each year.
(b) Specific human resources that are to be added and the characteristics of those resources (a business faculty member, director of alumni relations, etc.) and the year each such resource is expected to be added.
(c) Special/major equipment resources needed (instructional, computing, etc.) and the year of addition.

(d) Additional (revised) facilities resources needed and the year these facilities must be available.

In order to make the statement of resource needs in the following format (with a separate format for each year):

### BUDGET PROJECTION

| | $ resources needed | Employees admin/fac/support | New equip needs | New facility needs |
|---|---|---|---|---|
| Org. Units: | | | | |
| A | | ........................ | (1) | |
| B | | | | |
| C | | | | |
| D | | | | |
| Mandatory trans. | | | | |
| Payments: | | | | |
| Bld | | | | |
| Debt | | | | |
| Et cetera | | | | |
| Total | | | | |

(1) Especially note additions or deletions

### REVENUE PROJECTION

| Source of Revenue | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 |
|---|---|---|---|---|---|---|---|
| Tution | | | | | | | |
| Gifts | | | | | | | |
| State appropriation et cetera | | | | | | | |
| Title III | | | | | | | |
| Total | | | | | | | |

### *6. Evaluation strategies and performance measures*

(a) Performance measures are stated relative to the objectives to be achieved, and are outcome-oriented rather then process-oriented, and should include level of achievement. To the extent that goals are clearly stated, performance measures are usually readily derived. Performance measures indicate whether or not the desired ends have been achieved. In stating performance measures, state what is "evidence" that goals have been achieved. evaluation strategies indicate how evidence wil be acquired:

(1) Objective data? If so, what objective data and how will it be collected?

(2) Subjective data? If so, what data, and from whom will such data be sought?

(b) Types of Evaluation Formative, Summative, Quantitative, Qualitative, Internal, and External.

## Appendix D

### SUMMARY OF STANDARDS, SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS

### *I. Purpose*

Page 4. "Each institution should clearly define its purpose and should incorporate this definition into a statement which is a pronouncement of its role in the educational world. The institution's integrity is measured not only in terms of its stated purpose, but also in terms of its conscientous endeavor to fulfill this purpose."

". . . The facility, financial resources, physical plant, and educational program should be adequate and appropriate to meet the stated purpose of the institution."

### *II. Organization and administration*

Page 5. "The administrative organization of an institution of higher learning should bring together its various resources and coordinate them effectively to accomplish its objectives.

*III. Educational program*

Page 9. "The educational program must be clearly related to the purpose of the institution. The relationship between purpose, program, and their evaluation must be demonstrated in policies and procedures of admission, content of curricula, requirements for graduation, instructional methods and procedures, and quality of work required of the students."

*IV. Financial resources*

Page 13. "The financial resources of a college or university determine, in part, the quality of its educational program. Conversely, the quality of the educational program affects the ability of an institution to increase its financial resources."

*V. Faculty*

Page 18. "The selection, development, and retention of a competent faculty at all academic levels is of major importance to all institutions. The relationship between faculty objectives and institutional purpose determines in large measure the effectiveness of the total educational program."

*VI. Library*

*VII. Student development services*

*VIII. Physical resources*

*IX. Special activities*

Page 30. "Many institutions have developed a variety of supplemental programs fulfilling their stated objectives, their continuing education, public and community service demands, and their responsibilities to their constituents."

## APPENDIX E

Ideas and facts presented in this testimony were gathered from colleges in South Carolina and the following educaitonal experts:

Dr. Kathy Baratta, Chairperson of the National Council for Institutional Research and Planning, Moraine Valley Community College.

Dr. Louis Bender, Professor & Director of Community College Leadership Program, Florida State University.

Dr. Walter Hunter, Professor of Higher Education, University of Missouri.

Dr. Marie Martin, Consultant and former President of Pierce College and Director of the Community College Unit at USOE, Los Angeles, California.

Dr. Roberta Needham, Consultant, University of North Carolina—Greensboro, North Carolina.

## MAJOR ISSUES WITH TITLE III PROPOSED REGULATIONS

Eligibility criteria needs to be based on a point system as mandated by the authorizing legislation. Title III is proposing to drop the weight factor (point system) as used in the past.

Substantial percentage of Pell grant recipients under Part A and Title IV recipients under Part B should be 15-20 percent for two-year colleges. This would be substantial when comparing all two-year colleges in the United States. Title III has proposed 35 percent under Part A and 70 percent under Part B.

If the average Pell award is to be used as part of the eligibility criteria two-year colleges without dorms should not be compared with two-year colleges with dorms. Students attending colleges without dorms are limited to a $1,100 allowance for room and board while students attending colleges with dorms can receive whatever is charged for room and board. Therefore, students at colleges with dorms have a much higher average Pell award.

Title III is proposing the base year to be 1978-79 for determining eligibility. This will make many two-year colleges ineligible because new BEOG regulations requiring "measurable progress" standards were implemented in 1978-79. Most two-year colleges received less BEOG funds (now called Pell funds) during 1978-79. Title III should use 1979-80 as the base year.

Part B Special Needs Program grants should be designated short-term rather than long-term because the authorizing legislation says Part B is to be a "short-term federal assistance program." Two-year colleges only qualifying for Part B should have the same short-term options as colleges qualifying for Part A. A three-year grant under Part A is called short-term, so why is Title III calling a three-year grant under Part B long-term.

Long-range planning requirements for two-year colleges are too demanding especially since legislation does not require any long-range institutional plan. Legislation only requires a "comprehensive development plan" which is referring to the college's proposal not the college's institutional plan. Legislative history also points out that it was the intent of Congress to encourage long-range planning by offering a four to seven year program under Part A. This program would offer larger grants over a longer period of time to encourage some colleges to develop long-range plans. Title III has imposed the long-range planning requirements on all colleges applying for any program. Planning requirements established by regional accrediting agencies should be sufficient for Title III.

In addition, Title III staff have said they are going to review the long-range plans, even before the proposals are read, and eliminate those colleges from further consideration if the plan does not meet their requirements. This step is not called for in the legislation nor is it mentioned in the proposed regulations. Title III is really adding an extra eligibility factor which will eliminate additional colleges from the program and discourage many from even applying. Title III should drop all of this extra emphasis on planning.

Proposed regulations discourage colleges from entering into cooperative arrangements under Part B because they have designated all grants under Part B to be long-term. This means a college participating in a cooperative arrangement (consortium) under Part B can never receive their own Title III grant. Legislation says the Secretary may make grants to encourage cooperative arrangements. It also says cooperative arrangements shall be given priority. Cooperative arrangements should be encouraged because colleges can share and combine resources to more effectively and efficiently conduct Title III activities while avoiding costly duplicative efforts.

Title III is planning to fund all the long-term grants (four to seven year) they can under Part A and five year grants under Part B. They also are planning to put 80-90% of the funds available under Part A into four to seven year grants. The legislation calls for 25% in four to seven year grants which provides some guidance as to the intent of Congress. Putting a large percentage of funds in long-term grants will force colleges qualifying under Part A to develop proposals that may not be appropriate for their needs. It will also make this a closed program after the first funding cycle. Unless, of course, Congress appropriates additional funding which is very unlikely. Title III's approach to distribution of funds needs to be questioned by Congress.

The self-sufficiency emphasis should be dropped since there is no way to measure progress toward this goal. The legislation mentions working toward self-sufficiency not necessarily achieving it. The legislation does not define self-sufficiency; however, Title III has defined it to mean "the point at which, in the determination of the Secretary, an institution should be able to survive without funding under the Institutional Aid Program." Colleges and Congress should ask the Secretary this question, "How will we know a self-sufficient college when we see one?" Self-sufficiency is just like "developing institution". No one was able to define a developing institution for the last 15 years. The whole self-sufficiency emphasis should be dropped.

Legislation says two-year colleges shall receive 24% of the funds available under Part A and 30% of the funds available under Part B. Legislative history states that two-year colleges can compete for the total Title III funds available for the first time in 15 years. Title III has proposed to award 24% and 30% of the funds only "if sufficient, high-quality applications are received." This is contrary to the legislative history and Congressional intent of the Title III legislation. The percentages are minimums and there is no mention in the legislation concerning high-quality applications.

Title III is proposing in the regulations that proposals be evaluated on a 100 point scale. However, they have completely ignored the following legislative mandates:

"Special consideration shall be given to applications which propose to engage in the following activities":

(1) Faculty development;

(2) Funds and administrative management;

(3) Development and improvement of academic programs;

(4) Acquisition of equipment for use in strengthening funds management and academic programs;

(5) Joint use of facilities such as libraries and laboratories; and

(6) Student services.

"The Secretary shall give priority to grants for cooperative arrangements whenever the Secretary determines that the cooperative arrangement is geographically and economically sound."

How Title III plans to handle "special consideration" and "shall give priority" needs to be clarified in the regulations so colleges can understand the true emphasis of the total program. Understanding the complete proposal evaluation process is a must for every college not just a select few with inside contacts.

The Part B legislation concerning eligibility says colleges should have "an enrollment which includes a substantial percentage of students receiving need-based assistance under Title IV of the Act." Title III's regulations concerning Part B eligibilty used only four of the Title IV programs to determine substantial percentage, they are:

Pell Grants, Supplemental Educational Opportunity Grants, National Direct Student Loans, and College Work Study.

Why has Title III staff ignored the following Title IV programs when determining eligibility for Part B?

State Student Incentive Grants, Talent Search, Upward Bound, Special Services For Disadvantaged Students, Special Program For Migrant and Seasonal Farmwork Students, Veteran's Cost-of-Instruction, Guaranteed and Insured Student Loans, and Loans to Parents.

Many two-year colleges and their students are involved in these programs. Their use in determining eligibility for Part B could have a major impact on two-year colleges. The intent of Congress needs to be clarified.

Mr. SIMON. Before I call on Dr. Young, president of Pitt Community College in Greenville, N.C., I am going to have to go to a caucus on the budget. We are talking theory in here. There we are talking dollars that can do something with all the theory we are talking about.

I think what we may need, and I see my former colleague, Mike Blouin here, some kind of an informal meeting with some representatives of the Department and, unfortunately not everybody here, but a half dozen representative groups, or representative people, who can talk about some of the problems that are emerging here today. I am going to ask Mike, who is now associated with some of the colleges, and Bud Blakey of the staff if they can't, when the hearing is over, figure out who would be a good half dozen to meet with the Department of Education, meet with me, and the other members of the subcommittee who may want to attend such a meeting, to see if we can't get something worked out here.

Again, my apologies for being in and out, but it is the nature of the beast right now.

Greenville is not in your——

Mr. ANDREWS. No, Greenville is not in my district.

Mr. SIMON. I want to welcome you here on behalf of your Congressman. He has been having some health problems and he has been in and out. We are very happy to have you here, Dr. Young.

## STATEMENT OF JAMES H. YOUNG, DIRECTOR OF INSTITUTIONAL DEVELOPMENT, PITT COMMUNITY COLLEGE, GREENVILLE, N.C.

Dr. YOUNG. Thank you. One clarification I would like to make before proceeding. I was flattered with the memo of the meeting that came out, however I must correct that. I am not the president of Pitt Community College, or at least I wasn't when I left 3 days ago. My title is director of institutional development.

I'd like to preface my remarks with one other statement. There has been discussion this morning regarding the various data that has been used to set some of these percentages. The Department of Education has admitted that the data that was used was some aggregated data and in many instances incomplete data.

I wish to remind the members of the committee that the data that I will be sharing with you this morning is data that is actually collected from institutions that were previously eligible for title III. It is the data, the same data, these institutions actually used in filling out their applications for eligibility. It has been validated and it was corrected by a survey that I conducted in September, of 20 previously eligible title III institutions. So this is the real data.

As you are aware, section 312 of the legislation defines an eligible institution as one which includes a substantial percentage of students receiving Pell grants. Now this substantial percentage, as you know, was not specified in the law, but it was arbitrarily set by those who wrote the regulations at a figure of 35 percent.

When I saw that, I assumed that the 35-percent figure had not been appropriately field-tested. Therefore, I undertook the task on my own of surveying previously eligible title III institutions with a validated and statistically sound survey, a copy of which has been submitted as an appendix to your document there, to determine the precise effect of these criteria upon previously eligible 2-year public colleges.

The findings of this research, as you will see, clearly demonstrate that this particular criterion would immediately eliminate a substantial number of previously eligible public 2-year colleges.

More specifically, it was determined, as you will see in the report, that by applying the 35-percent criterion to the sample of 20 previously eligible colleges surveyed, 80 percent would be ineligible if 1978–79 base year data were used for the calculation, and 70 percent would be ineligible if 1979–80 data were used for that same calculation.

Another vital finding of the research study was the confirmation of the hypothesis that there is no significant relationship between the proposed new eligibility criteria and the former criteria for eligibility under title III.

Failure to establish any significant relationship between the new and the former eligibility criteria suggests that a totally different group of educational institutions may very well now comprise the target population to benefit from title III.

It is my belief that Congress had no intent whatsoever of redefining the type of institution intended to be served by title III. However, the research findings would suggest that such a change has, in fact, occurred.

A second part of the proposed legislation and the proposed eligibility criteria which should be examined is the criterion related to the average size of Pell grant received by students at a particular institution.

First of all, the regulations, again, use language which is not in express harmony with the language used in the legislation. The law specified an average Pell grant award which is, quote, high in comparison to the average Pell grant at other comparable institutions.

The regulations however demand a Pell grant award, quote, greater than the average Pell grant received by students at comparable institutions.

These, gentlemen, are two entirely different standards.

More important, it appears to have been assumed that by comparing these averages among so-called comparable institutions, that the criterion would in fact be equitable. This is grossly inaccurate.

For example, for public 2-year colleges, the average Pell grant could vary by as much as 40 percent for the same student based solely on the particular institution or system of attendance of that student.

More specifically, for commuting to your college, the variables in calculating the cost of education upon which the size of Pell grant is determined are tuition fees, room and board, books, and miscellaneous expenses.

The latter two of these are a fixed figure. Therefore, the only variable in the formula becomes tuition fees.

A student with the same financial need as reflected in its eligibility index could receive a substantially different Pell grant award based on the State in which that student attends a public 2-year college.

The same student, as demonstrated in the chart in the testimony I have submitted, could receive a Pell grant ranging from $732 in North Carolina to $1,132 in the State of New York.

Obviously the proposed regulations would severely penalize low tuition institutions, those whose fee structures, I remind you, have been held low in order to increase access for disadvantaged and minority students, supposedly the target population for title III.

This has already been pointed out. Most of the alarm and the reaction to the title III program has focused upon dramatic changes in the eligibility criteria. In my document I have specifically suggested the effects of some of these criteria upon the Nation's 2-year public colleges.

I submit however that the whole eligibility problem can be traced back to a single genesis, the failure of Congress to adequately define the specific category of higher education institutions intended to be the beneficiaries of the title.

Under the previous regulations, as bad as the definitions may have been, we, at least, had a relatively clear-cut understanding of the proposed target populations. Those were, and I share with you some of the quotes from the previous regulations, at developing institutions which were so-called because they were struggling for survival, they were isolated from the main currents of academic life, that possessed the desire and potential to make a substantial contribution to higher education. And then it said, they are distinguished from other institutions of higher education by enrolling and graduating significant numbers of economically deprived students.

The current legislation, however, simply describes the target population in this very general manner. It says that Congress finds that many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive and that these problems relate to management and fiscal operations.

It goes on to say that these institutions, whoever they might be, play an important role in the American system of higher education. Clearly, gentlemen, this language is permissive and ubiquitous enough to encompass virtually any institution of higher education in this country. All postsecondary institutions face problems which, quote, threaten their survival. Any college or university could conceivably identify problems which, quote, relate to management and fiscal operations.

I know of no indication that it was the intent of Congress to change or to redefine the segment of higher education institutions for which title III was intended. In my experience with title III since 1969, I have worked with numerous sets of regulations and in fact with different pieces of title III legislation.

However, the target group of eligible institutions has remained virtually the same, regardless of the criteria used to define them. And they have always been those institutions which were struggling to survive or isolated from the mainstream of higher education, but which provide access and instruction to significant numbers of disadvantaged students.

If indeed Congress intended to open up title III eligibility to all institutions of higher education, the current language is very appropriate. If, however, the intent was to apply a new program format to essentially the same former target group of colleges, the current language is totally inadequate and contributes in a significant way to our current dilemma.

Until we adequately define what group of institutions are intended to be served, everyone will continue to use these ambiguities to promote an endless array of eligibility criteria and there will be no sound basis for eliminating any of those proposed.

I therefore, on behalf of the public 2-year colleges across this Nation who have previously been eligible to participate in title III, present the following recommendations to the U.S. Congress.

No. 1, that section 301 of the legislation be amended to more precisely define the specific group of institutions intended to benefit from title III, and that this definition be consistent in substance with those definitions of "developing institutions" historically used through the previous existence of the title III program.

Recommendation No. 2, that the criterion related to average amount of Pell grants either be eliminated or adjusted appropriately in order that it not penalize institutions solely because they charge a lower tuition than other institutions of comparable type.

Recommendation three, that Congress direct the Department of Education to establish the substantial percentage of Pell grants and or campus-based program recipients at such a level that the criterion would not eliminate from eligibility any college which was previously eligible under the fiscal 1981 eligibility guidelines with the possible exception of those institutions who were so eligible by being grandfathered into eligibility.

Four, in lieu of recommendations two and three, that the Congress direct the Department of Education to revert to the eligibility system and eligibility tables used to determine title III eligibility for fiscal year 1981. In such a case, no college would have to be grandfathered, as all interested institutions could be asked to reapply for eligibility using the two tables.

It was mentioned earlier this morning that the Department perceived that that could not be done under the statute. I tend to disagree. The statute says a Pell grant which is high in relation to the average. Now, the old eligibility tables not only had E and G, but looked at the average Pell grant per FTE. You were judged, therefore, in relation to other institutions. The amount of points that you received for your Pell grant average was an amount of points in relation to the Pell grant averages of other institutions. I see no way that that is in conflict with the law under part A.

The only difference that we would have, as I see it, of going back to last year's eligibility tables, is under part B where you have to have a table which includes the campus-based programs. But that criteria could be addended as a separate criteria and we could use last year's table for the part A eligibility criteria and that would then go back and encompass those institutions, public 2-year institutions, as far as I know, who were previously eligible and intended to benefit from the program.

Thank you for your time and attention.

Mr. ANDREWS (acting chairman). Thank you, Dr. Young. Without objection, the full text of your remarks will be made a part of the record of this hearing.

[The prepared statement of James Young follows:]

## Prepared Statement Submitted by Dr. James H. Young, Director of Institutional Development, Pitt Community College, Greenville, N.C.

Section 312 of the Title III legislation defines an "eligible institution" as one, "which includes a substantial percentage of students receiving awards under subpart 1 of part A of Title IV...."

This "substantial percentage" was not specified in the law, but appears to have been arbitrarily set by the regulation writers at 35%. It was the assumption of this commenter that the 35% figure was not appropriately field tested to determine its true effect upon institutions of higher education (especially those institutions which had been previously eligible under Title III). Therefore, I conducted a survey to determine the effects upon previously eligible public two-year colleges. Findings of this research (attached as Appendix A) clearly demonstrate that this criterion would immediately eliminate a substantial number of previously eligible public two-year colleges.

More specifically, it was determined that applying the 35% criterion to a sample of 20 previously eligible institutions, 80 percent (16) would be ineligible if 1978-79 base year data were used for the calculations and 70 percent (14) would no longer be eligible if 1979-80 base year data were used. When one considers the disqualifying effect of this criterion upon institutions which were clearly eligible in the past, it becomes obvious that its application as a benchmark for judging eligibility of the general population of public two-year colleges would be totally inconsistent with the historical classification of "developing institutions."

Another vital finding of this research study was confirmation of the hypothesis that there is no significant relationship between the proposed new eligibility criteria and the former criteria for eligibility under Title III. Failure to establish any significant relationship between the new and former eligibility criteria suggests that a totally different group of educational institutions may now comprise the target population to benefit from Title III. It is my belief that Congress had no intention of re-defining the type of institution intended to be served by Title III; however, the research findings would suggest that such a change has, in fact occurred.

Secondly, the legislation simply required a "substantial percentage of students receiving awards under subpart 1 of part A...." It says nothing about a percentage of those students "eligible to apply" as specified in the regulations. Basing an institution's financial aid efficiency upon this population base is a fallacious measurement. Many factors influence whether or not a person "eligible to apply" will, in fact, apply. The institution has no control whatsoever over the motivations of its students; yet it is having its performance based on this phenomenon.

A second part of the proposed eligibility criteria which should be examined is the criterion relating to the size of the average Pell Grant received by students at a particular institution (see Section 625.2 (2) (ii)).

First, the regulations again use language which is not in express harmony with the language of the legislation. The law specified an average Pell Grant award which is "high in comparison to" the average Pell Grant at other comparable institutions. The regulations, however, demand a Pell Grant award "greater than the average" Pell Grant received by students at other comparable institutions. These are two entirley different standards.

Additionally, there is no basis for calculating the "average Pell Grant." Is it an average award per FTE or is it simply the total Pell Grant dollars divided by the number of awards? Each of these methods of calculation could yield substantial differences at any given institution.

More important, it appears to be assumed that by comparing these "averages" among "comparable institutions" the criterion would be equitable. This is grossly inaccurate.

For example, for public two-year colleges, the average BEOG could vary by as much as 40% for the same student population, based on the particular institution or system of attendance. Specifically, for commuting two-year colleges, the variables in calculating the "cost of education" upon which the size of the Pell Grant is based are tuition and fees, room and board, and books and miscellaneous expenses. The latter two are fixed at $1,500; therefore, the only variable in the formula becomes tuition and fees. The following table demonstrates clearly how a student with the same financial need (reflected in his/her eligibility index) could receive a substantially different Pell Grant award, based on the state of attendance. The same student could recieve a Pell Grant ranging from $732 in North Carolina to $1,132 in New York.

Obviously, the proposed regulations would severely penalize low-tuition institutions---those whose fee structures were held low with the intent of increasing access for disadvantaged and minority students (supposedly the target population for Title III!).

BEOG Award Differential For a Typical
Two-Year College Student Based on State of College Attended

(For A Full-Time Student With A BEOG Eligibility Index Ranging from 0-500)

| State | Tuition* and Fees | Fixed Costs for Room, Board, Books | Cost of Education | Amount of BEOG |
|---|---|---|---|---|
| North Carolina | $143 | $1,500 | $1,643 | $732 |
| South Carolina | $452 | $1,500 | $1,952 | $908 |
| Virginia | $341 | $1,500 | $1,841 | $832 |
| Tennessee | $319 | $1,500 | $1,819 | $832 |
| Colorado | $519 | $1,500 | $2,019 | $932 |
| New York | $903 | $1,500 | $2,403 | $1,132 |
| Delaware | $529 | $1,500 | $2,029 | $932 |
| Georgia | $460 | $1,500 | $1,960 | $882 |
| Indiana | $736 | $1,500 | $2,236 | $1,032 |
| Maryland | $542 | $1,500 | $2,042 | $958 |
| Pennsylvania | $728 | $1,500 | $2,228 | $1,032 |

*Source: 1981 Community, Junior, and Technical College Directory.
American Association of Community and Junior Colleges.

Aside from the eligibility criteria, there are some other portions of the proposed rules with which I have some concern. It appears that the requirement for external evaluation has been deleted from the regulations. This requirement is a vital safeguard to the integrity of the program and should be reinstated.

In Section 624.23 there is a prohibition stating that "an application may not include any activity that duplicates, in whole or part, an activity that was funded previously under the Institutional Aid Program." The phrase, "in whole or in part", if strictly enforced may be too restrictive. Some portions of new program activities may, because of their nature, resemble portions of previously funded activities, yet be essential to the operation of the new activity which has a totally different thrust. Perhaps such language as "significantly duplicates" would be more operationally realistic.

Also potentially troublesome is subsection E of Section 624.42. This says "a grantee may not use funds under any Institutional Aid Program for....General operating and maintenance expenses." This term needs to be more adequately defined. At what point do recurring costs (such as external evaluation or the salary of a project director) become "general operating and maintenance expenses." Again a strict interpretation of this language could severely handicap the operation of a project, especially a long-term multi-year grant.

Most of the alarm and reaction to the new Title III program has focused upon dramatic changes in eligibility criteria. In this document I have specifically suggested the effects of some of these criteria upon the nation's public two-year colleges.

I submit, however, that the whole eligibility problem may be traced back to a single genesis--the failure of Congress to adequately define the specific category of higher education institutions intended to be beneficiaries of this Title.

Under the previous regulations, there was a relatively clear-cut understanding of which types of educational institutions composed the target population. The regulation (45 CFR 169.1) states:

169.1 "These institutions are called developing institutions because -

(a) They are struggling for survival;

(b) They are isolated from the main currents of academic life;

(c) They possess the desire the potential to make a substantial and distinctive contribution to the higher education resources of the nation;

(d) They are distinguished from other institutions of higher education by enrolling and graduating a significant number of economically deprived students; and

(e) They are making a resonable effort to improve the quality of their programs."

The current legislation describes the target population in Section 301. It reads:

> "Sec. 301. (a) The Congress finds that -
>
> (1) many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive;
>
> (2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning, recruitment activities, and development activities;
>
> (3) the solutions of the problems of these institutions would enable them to become viable, thriving institutions of higher education; and
>
> (4) these institutions play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their management and fiscal operations;
>
> (b) It is the purpose of this title to assist such institutions through a program of Federal assistance."

Clearly, this language is permissive and ubiquitous enough to encompass virtually any institution of higher education in the nation. All postsecondary institutions "face problems which threaten their survival." Any college or university might identify problems which "relate to management and fiscal operations."

I know of no indication that it was the intent of Congress to change or re-define the segment of higher education institutions for which Title III was intended. In my experience with the Title III program since 1969, I have worked with numerous sets of regulations and with different pieces of Title III legislation. However, the target group of eligible institutions has remained virtually the same. Regardless of the criteria used to define them, they have always been those institutions which were "struggling to survive" or "isolated from the mainstream of higher education" and which provide access and instruction to signficant numbers of disadvantaged students.

If, indeed, Congress intended to open up Title III eligibility to all institutions of higher education, the current language is appropriate. If, however, the intent was to apply the new program format to essentially the same former target group of colleges, the current language is totally inadequate and contributes to our present dilemma.

For until we adequately define what group of institutions are intended to be served, everyone will use the ambiguities to promote an endless array of eligibility criteria and there will be no sound basis for eliminating any of those proposed.

I, therefore, on behalf of public two-year colleges across this nation which have been previously eligible to participate in Title III, present the following recommendations to the United States Congress:

1. That Section 301 of the legislation (P.L. 96-374) be amended to more precisely define the specific group of institutions intended to benefit from Title III, and that this definition be consistent in

substance with those definitions of "developing institutions" historically used throughout the previous existence of the Title III program.

2. That the criterion related to average amount of Pell Grants either be eliminated or adjusted appropriately in order that it would not penalize institutions solely because they charged a lower tuition than other institutions of comparable type.

3. That Congress direct the Department of Education to establish the "substantial percentage" of Pell Grants and/or campus-based program recipients at such a level that the criterion would not eliminate from eligibility any college which was eligible under the FY 1981 eligibility guidelines (with the possible exception of those institutions which were so eligible by being "grandfathered" into eligibility).

or

4. In lieu of recommendations 2 and 3, that the Congress direct the Department of Education to revert to the eligibility system and eligibility tables used to determine Title III eligibility for fiscal year 1981. No college would have to be "grandfathered" as all interested institutions could be asked to re-apply for FY '82 eligibility using these tables.

# APPENDIX A.—ANALYSIS OF HYPOTHESIZED EFFECTS OF PROPOSED FISCAL YEAR 1982 TITLE III REGULATIONS UPON HISTORICALLY ELIGIBLE TWO-YEAR COLLEGES

## Rationale for the Study

Upon examination of proposed regulations for the Institutional Aid Program, formerly the Strengthening Developing Institutions Program, which appeared in the July 20, 1981 *Federal Register* the author speculated that there may be serious negative consequences when and if these new regulations were actually implemented. Specifically, it was surmized that new criteria proposed for determining those institutions eligible to participate would eliminate from eligibility significant numbers of institutions which had historically been defined as "developing institutions" and which were clearly eligible under previous eligibility criteria.

It was also assumed (and later confirmed by personnel in the Title III office) that the proposed criteria were selected in a somewhat arbitrary or estimated fashion, and that these criteria were not "field tested" with actual institutional data to determine their potential effect upon applicant colleges. Therefore, the study reported herein was conducted for the purpose of making some determination of the potential effects of the proposed new criteria upon a sample of public two-year colleges who were clearly and historically classified as "developing institutions." This determination was to be predicated upon *actual institutional data*, not assumed data or aggregated national data. Thus, whatever findings are revealed should be studied attentively, as they are based on the data which the institutions in the sample would have to use in applying for eligibility under the new proposed regulations.

## Methodology and Description of Sample Population

Because of severe time constraints, this survey had to be conducted by telephone. Therefore it had to be limited to a reasonable number of institutions which could be contacted and which could respond within a 2-3 day period. Thus an arbitrary decision was made to confine the sample to public two-year colleges in the Southeast, and more specifically to use primarily such colleges in North Carolina and South Carolina.

Secondly it was decided to restrict the sample to only those schools who were both currently and historically eligible to participate in Title III programs. Obviously this criteria is vital to remember in interpreting the findings of this study. All institutions in the sample were clearly designated as "developing institutions" during 1980-81 and all institutions had been developing institution for at least three years since the inception of the Title III program. As will be noted in statistical data later in this report, the average "eligibility score" for these institutions (based on the April 1981 Designation As Developing Institution Tables) was 212.647. This is well in excess of the 174 points required for designation.

A typed response form (See Appendix A) was constructed to insure uninimity of data collected and calls were made to 28 public two-year colleges. Special care was taken to define the data elements requested, especially the element requesting the total number of students eligible to apply for BEOG in each base year.

This was defined as an unduplicated annual headcount of students enrolled for six or more credit hours, except those who were ineligible to apply according to the provisions of 34 CFR 690.4 and 690.5 (Pell Grant regulations).

Telephone responses were received from 23 institutions. Three schools were eliminated from analysis because of incomplete data, leaving a final sample population of twenty (20) institutions.

In addition to supplying general information about size of institution and number of years as a Title III institution, each college provided five basic data items. These five items were provided for two "base years," 1978-79 and 1979-80. The five items were:

1. Total number of students eligible to apply for BEOG in base year.
2. Number of eligible students who received Basic Grants in base year.
3. Percent of eligible students who were awarded Basic Grants in base year.

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4. Total amount of BEOG monies awarded by institution in base year.
5. FTE enrollment in base year, used for calculating average size of BEOG/FTE

Charts listing all data elements collected for each base year are attached as Appendix B to this report. Institutions are identified by randomly assigned letters on this chart to preserve anyonimity. See Appendix C for list of participant schools.

## Hypotheses Examined

In an attempt to isolate specific potential effects of the proposed regulations upon previously eligible public two-year colleges, five primary hypotheses were formulated.

$H_1$: That the proposed eligibility criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;" would eliminate from eligibility significant numbers of institutions which had previously been unquestionably eligible for participation in Title III.

$H_2$: That there is no significant relationship or association between the proposed criterion, "At least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;" and the eligibility criteria used in the preceeding year (1980-81).

$H_3$: That there is a highly significant relationship between an institution's average BEOG award/FTE and the percent of students eligible to apply for Pell Grants who receive Pell Grants in that year.

$H_4$: That in order for an institution to qualify on the basis of the proposed new criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year," that institution would have had to have been among those institutions which scored significantly higher than the 174 points required on the previous eligibility scales.

$H_5$: That there is an association between size of institution and the probability of the institution meeting the proposed new criterion, "at least 35 percent of its under graduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year."

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## Analysis and Interpretation

The data collected in the survey were analyzed by the office of the Director, Pitt Community College Management Information Consortium (itself a Title III sponsored activity). This section of the report contains findings of these analyses as they relate to the proposed hypotheses.

### Findings Regarding Hypothesis 1

> $H_1$: That the proposed eligibility criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;" would eliminate from eligibility significant numbers of institutions which had previously been unquestionably eligible for participation in Title III.

For both base years considered, the institutions examined were clearly eligible by all former program criteria. The "eligibility scores" for the twenty institutions ranged from 185 to 266 with a mean score of 212.647. This score, based on April, 1981 eligibility tables, is significantly above the minimum qualifying score of 174.

Examination of data for base year 1978-79 revealed a range of 40.43 percent (from 11.49% to 51.92%)among the precent of students who received Pell Grants. The mean percentage for the population of institutions was 26.316. As demonstrated in the histogram presented as Table 1, sixteen of our twenty previously eligible institutions (80%) would no longer be eligible based on the 35% criterion for base year 1978-79.

Using 1979-80 as the base year, it was found that the range among the percent of eligible students receiving Pell Grants widened to 47.54 percent (from 15.73% to 63.27%). However, the mean percentage of such students rose to 33.081%.

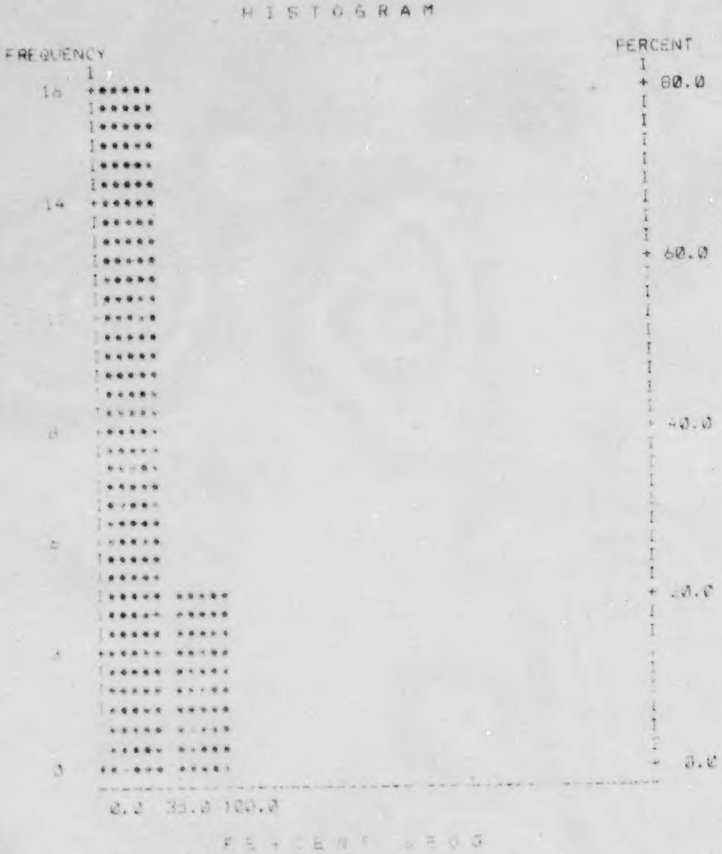
Although the mean percentage rose, analysis indicated (See histogram, Table 2) that 70 percent of our previously eligible institutions would still be disqualified using the base year 1979-80.

* * *

## TABLE 1

## ILLUSTRATION OF INSTITUTIONS PROJECTED AS ELIGIBLE VS. INELIGIBLE ON PROPOSED "35% CRITERION"

## BASE YEAR 1978-79



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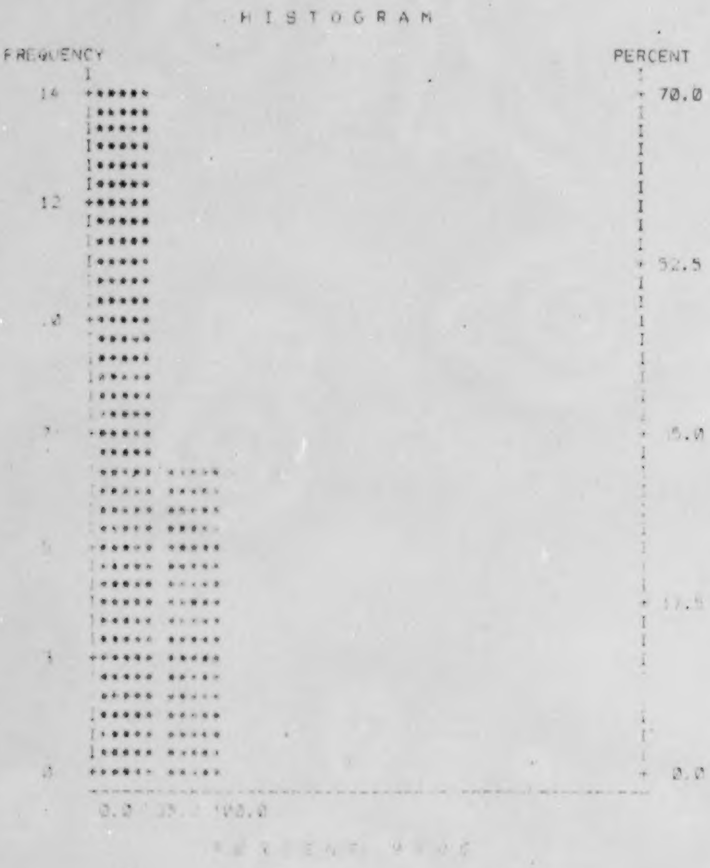
## TABLE 2

## ILLUSTRATION OF INSTITUTIONS PROJECTED AS ELIGIBLE VS INELIGIBLE ON PROPOSED "35% CRITERION" BASE YEAR 1979-80



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Therefore, the data overwhelmingly support the hypothesis. When one considers the disqualifying effect of this criterion upon institutions which were clearly eligible in the past, it becomes obvious that its application as a benchmark for judging the eligibility of the general population of public two-year colleges would be totally inconsistent with the historical classification of "developing institutions."

## Findings Regarding Hypothesis 2

$H_2$: That there is no significant relationship or association between the proposed criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;" and the eligibiligy criteria used in the preceeding year (1980-81).

Historically, "developing institutions" have been defined as colleges and universities which:

(a) provide educational programs to significant numbers of economically disadvantaged students, and

(b) have fiscal, managerial or other limitations which inhibit the institutions "ability to survive" or to move into the "mainstream of American Higher Education".

Although under the proposed regulation the term "developing institution" is to be superceeded with the term "eligible institution", there is no reason to believe that the original intent regarding the target population of institutions to be served was meant to change. Thus, it seemed reasonable to examine the relationship, if any, between the new proposed eligibiligy criteria and the previous eligibility criteria.

(It should be noted that this author is not convinced that the previous eligibility criteria, E&G/FTE and average BEOG/FTE, are true indicators of a "developing institution" as historically defined. However, since used, I shall examine their relationship to the proposed standards).

To test this hypothesis, the previous criteria, reflected in institutional eligibility score, were correlated with the new standard, the 35% BEOG award criteria. For this analysis three institutions were extracted from the sample.

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These schools had been "grandfathered" into eligibiligy in 1980-81 and therefore did not report valid eligibility scores based on the April 1981 tables. The sample size (N) was 17 for both base years examined.

The correlation coefficient (R) was used as the measure of association between variable X (eligibility score) and variable Y (percent of eligible students receiving Pell Grants). Analysis indicated a positive correlation coefficient of only .146 for the base year 1978-79. Examination of the data for 1979-80 yielded a positive correlation of .181 which, although higher, significantly lacked the magnitude to demonstrate any reasonable statistical association between the variables.

Therefore, the conclusion drawn is that the hypotheses is valid. There is no perceived relationship between the proposed eligibility criterion and the previous standards for eligibility to participate in Title III.

### Findings Regarding Hypothesis 3

> $H_3$: That there is a highly significant relationship between an institution's average BEOG award/FTE and the percent of students eligible to apply for Pell Grants who receive Pell Grants in that year.

The premise for testing this hypothesis is that one should expect an extremely linear relationship between the average BEOG per FTE and the percent of eligible students receiving BEOG if the latter criterion is to be considered consistently predictive. If the correlation is substantially positive, then one can make statistical predictions regarding the likelihood of an institution with a given average BEOG/FTE attaining the specified 35% criterion.

Using 1978-79 base year data, the correlation coefficient between variable X (percent of eligible students receiving BEOG) and variable Y (average amount of BEOG/FTE) was positive at the level of .772. Although not excessively high, this coefficient is a relatively strong measure of association.

Based on these data the average percentage of eligible students receiving BEOG for the sample population is 26.3115 percent. The average BEOG/FTE is $171.20.

Using a predictive regression model, in this base year, for an institution to reach the 35% level on variable X, its average BEOG/FTE would have to be $207.43. When the sample institutions are plotted against this predictor (see Histogram, Table 3) eighteen (90%) would be ineligible and two (10%) would be eligible (based on a .772 correlation).

For base year 1979-80, the mean score of variable X (percent of eligible students receiving BEOG) is 33.072 and the mean of variable Y (average amount of BEOG/FTE) is $225.80. The correlation for this base year is .687; again a reasonably acceptable association.

For 1979-80, therefore, in order to project a 35% population of eligible students receiving BEOG, an institution would have to have an average BEOG/FTE of $233. When sample institutions are plotted against these criteria. (See Histogram, Table 4) twelve (60%) would be ineligible and eight (40%) would be eligible (based on a .687 coefficient of correlation).

Therefore,although there is a relatively substantial relationship between these two variables, the average BEOG/FTE needed by an institution in order to qualify is significantly above the average for our historically eligible institutions and the data tend to further confirm the deleterious effects of the 35% criteria as a measure of eligibility for previously eligible schools.

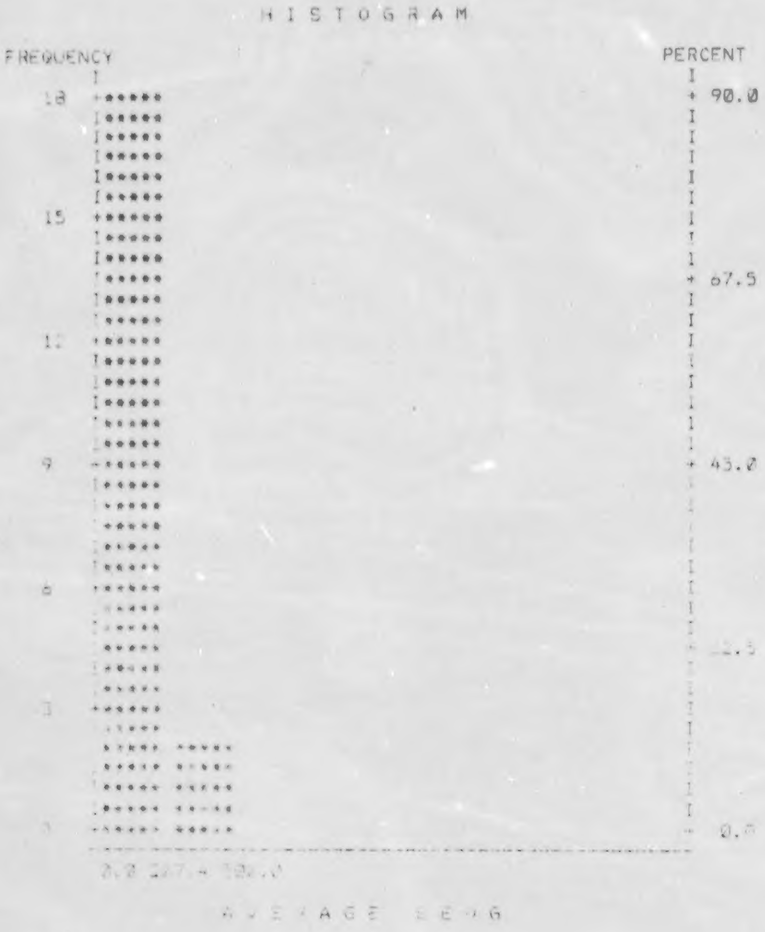
## Findings Regarding Hypothesis 4

> $H_4$: That in order for an institution to qualify on the basis of the proposed new criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;" that institution would have had to have been among those institutions which scored significantly higher than the 174 points required on the previous eligibility scales.

Although the previous eligibility tables and scoring system would no longer be used under the proposed regulations, one should reasonably expect the new criteria not to substantially alter the basic characteristics of institutions that qualify for participation in the program. If the characteristics of

## TABLE 3

## ILLUSTRATION OF INSTITUTIONS PROJECTED AS ELIGIBLE VS INELIGIBLE BASED ON AVERAGE BEOG/FTE
BASE YEAR 1978-79



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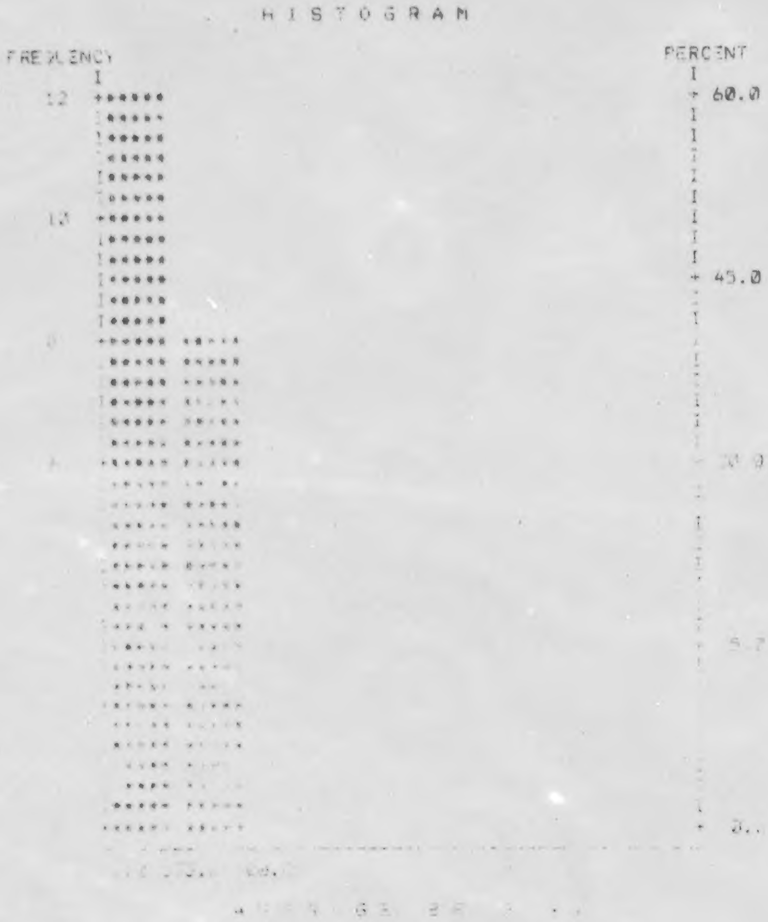
## TABLE 4

## ILLUSTRATION OF INSTITUTIONS PROJECTED AS ELIGIBLE VS. INELIGIBLE BASED ON AVERAGE BEOG/FTE BASE YEAR 1979-80



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participant institutions are not appreciably altered, then there should be a highly significant relationship between schools qualifying under the new criteria and those qualifying under the previous standards.

This premise was investigated by using 1980-81 eligibility scores as a predictor of the likelihood of institutions attaining the 35% criterion. Three of the sample schools were eliminated from this analysis since they were "grandfathered" in 1980-81 and did not have an accurate eligibility score to report. This left a sample size (N) of seventeen institutions.

Using base year 1978-79 data it was found that an institution with an eligibility score of 174 (the previous minimum for qualification) would predict only 25.31 percent of eligible students receiving Pell Grants. On this basis, in order for an institution to project a 35.0 percent of eligible students receiving Pell Grants, its 1980-81 eligibility score would have to have been 336.

When the sample institutions are plotted against this predictive model (see Histogram, Table 5) none of them would project eligibility.

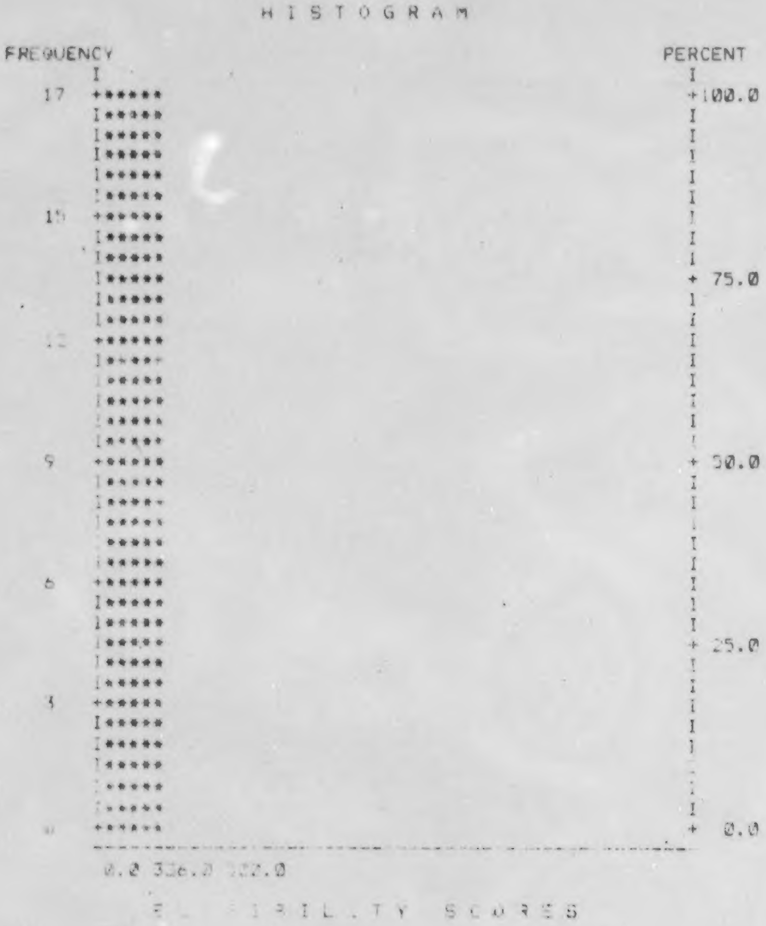
For base year 1979-80, an institution with the previously minimum eligibility score of 174 would project 31.46 percent on the new criterion. In order to project the proposed 35.0 percent on the proposed criterion, an institution in this analysis would have to have had a 1980-81 eligibility score of 212.

If the 17 colleges in the sample are plotted against the 1979-80 base year model (see Histogram, Table 6), then ten of them (58.8%) would project as ineligible and seven (41.2%) would appear eligible.

Therefore, when one considers the obvious incompatibility between the 1980-81 eligibility standards and the proposed 35% criterion, further doubts surface regarding the appropriateness of the proposed regulations as determinants of "developing institutions." As demonstrated, the new standards could conceivably have eliminated all of our previously eligible colleges using 1978-79 base year data and a majority of them using 1979-80 data.

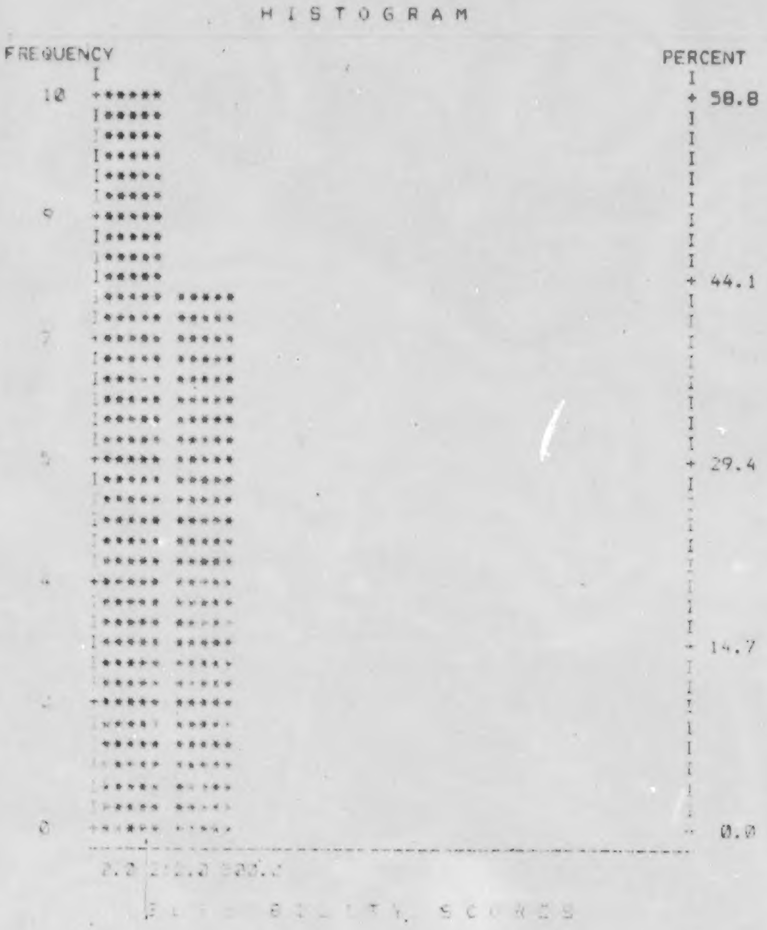
2

## TABLE 5
## ILLUSTRATION OF INSTITUTIONS PROJECTED AS EILGIBLE VS. INELIGIBLE BASED ON PRIOR (1980-81) ELIGIBILITY SCORES
## BASE YEAR 1978-79



## TABLE 6

## ILLUSTRATION OF INSTITUTIONS PROJECTED AS ELIGIBLE VS. INELIGIBLE BASED ON PRIOR (1980-81) ELIGIBILITY SCORES BASE YEAR 1979-80



It is the opinion of this author that Congressional intent in the 1980 Title III amendments was to eventually eliminate participating institutions by "graduating" them from the program. Nowhere is there evidence to support an intent to eliminate significant numbers of previously eligible schools by the establishment of excessively prohibitive initial eligibility standards.

## Findings Regarding Hypothesis 5

> $H_5$: That there is an association between size of institution and the probability of the institution meeting the proposed new criterion, "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year."

This hypothesis was examined because the author speculated that the new criterion might make it more difficult for larger institutions to qualify because the required percentage is a factor related to the divisor in the equation (which can be greatly influenced by numbers of part-time students enrolled). To test this premise an analysis of variance (ANOVA) was conducted to examine the probability of projected eligibility as a factor of institutional size.

The sample institutions were divided into three groups: 1) Small-Those with an FTE of 0-999; 2) Medium-Those with an FTE of 1000-2000, and 3) Large-Those with FTE greater than 2000. Relationships between the variables (X=institutional size (FTE); Y=percent of eligible students receiving BEOG) were then submitted to three-group ANOVA.

For the base year 1978-79 the mean of variable Y for the small institutions was 28.52%. For the medium group it was 25.44, and for the small group it was 24.002 (see statistics, Table 7). Therefore an inverse relationship at the coefficient of -.263 was found between institutional size and the percent of eligible students receiving BEOG (This relationship is plotted on Table 8).

It should be pointed out that this relationship was not established as being statistically significant. However, this problem appeared to be primarily a factor of the size of (N) in our sample.

## TABLE 7

## GROUP STATISTICS FOR THREE-GROUP ANALYSIS OF VARIANCE

### Base Year 1978-79

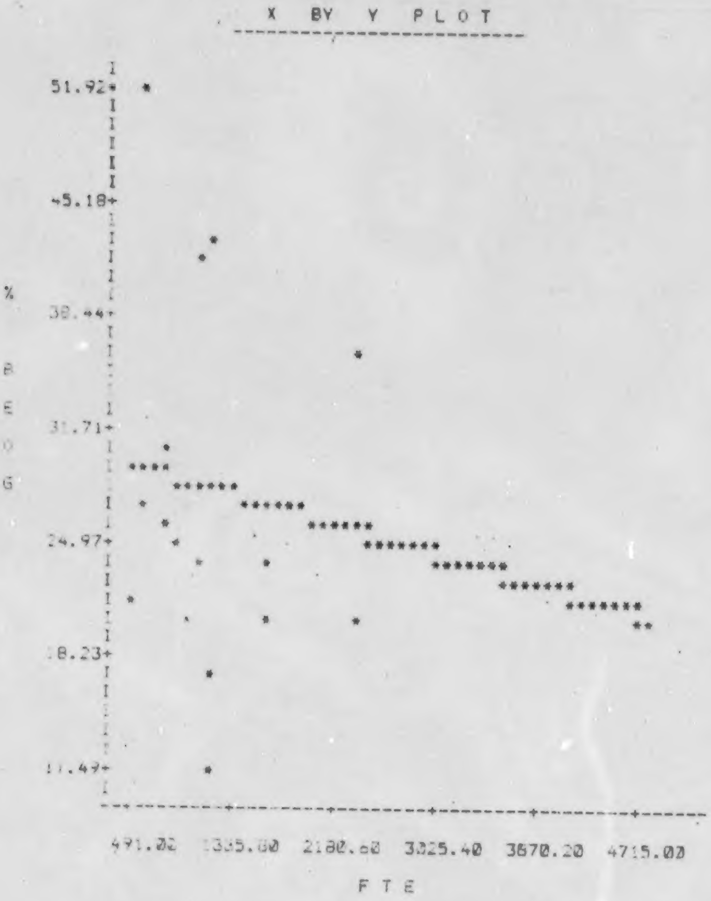
| GROUP | N | MEAN | S.D. |
|---|---|---|---|
| Small | 8 | 28.5238 | 10.129 |
| Medium | 7 | 25.4457 | 12.0423 |
| Large | 5 | 24.002 | 6.6379 |

### Base Year 1979-80

| GROUP | N | MEAN | S.D. |
|---|---|---|---|
| Small | 7 | 35.1671 | 10.2325 |
| Medium | 7 | 33.8914 | 17.0542 |
| Large | 6 | 29.7017 | 10.0078 |

TABLE 8

RELATIONSHIP OF INSTITUTIONAL SIZE AND PROBABILITY OF QUALIFYING ON PROPOSED "35% CRITERION"
BASE YEAR 1978-79



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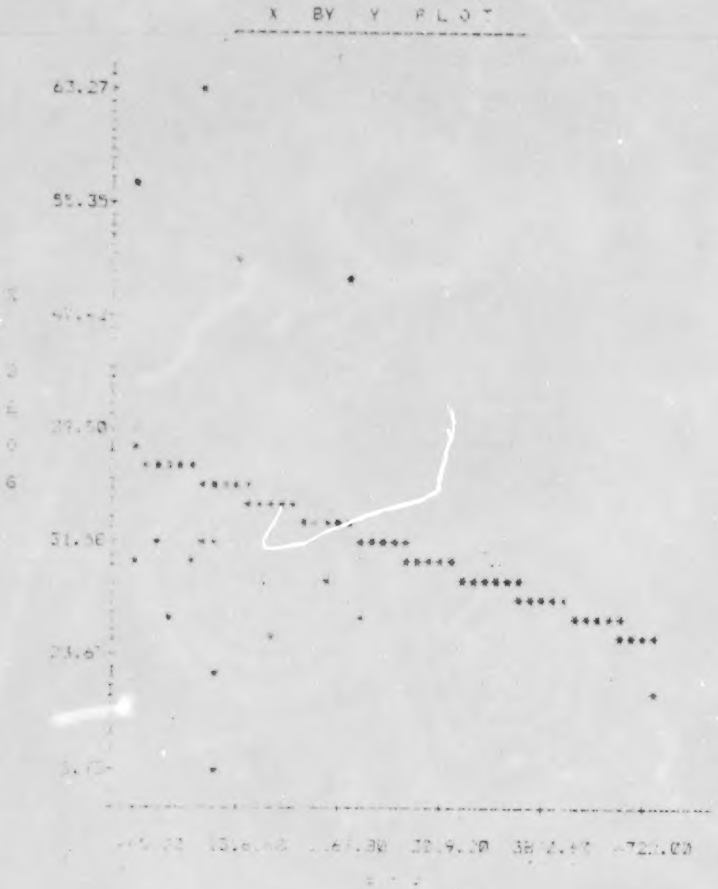
## TABLE 9

### RELATIONSHIP OF INSTITUTIONAL SIZE AND PROBABILITY OF QUALIFYING ON PROPOSED "35% CRITERION"
### BASE YEAR 1979-80



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For base year 1979-80 a similar trend appeared. In these data, the mean of variable Y fell from 35.16% for small institutions to 33.8% for medium size schools, to 29.70% in the small colleges (see Table 7 ). The correlation coefficient for this base year was again negative and slightly stronger (-.303) than in the 1978-79 analysis. The relationship of institutional size to projected eligibility for 1979-80 is graphically depicted in Table 9.

Again it should be mentioned that these relationships could not be established with statistical significance in out sample population. Nevertheless, our hypothesis appears to be logical. There is (as demonstrated in the foregoing graphs) a consistent tendency of inverse relationship between institution size and percent of eligible students receiving Pell Grants. Further studies with larger sample populations would be needed to determine if this relationship would persist and therefore become statistically significant.

## Conclusions and Recommendations

The basic conclusion drawn from this study is that the proposed eligibility criteria for the Title III program are arbitrarily and disproportionately punitive to public two-year colleges which have historically been clearly eligible to participate in the program. The relationships herein examined among and between such variables as prior eligibility scores, average BEOG/FTE, and percent of eligible students receiving Pell Grants clearly demonstrate the effects that the proposed criteria would have on institutions. This is especially significant in light of the fact that the analyses were conducted using the actual institutional data which would have to be used by these colleges in calculating their individual eligibility status.

The fact that significant numbers of the institutions in this sample could be eliminated from eligibility under the new system must be given serious attention. This is paramount because all of these schools were clearly and historically eligible Title III institutions. Therefore, application of the new

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standards to the general population of institutions of higher education would obviously have even more dramatic negative consequences.

Based on these findings it is recommended that several alternatives be examined. First the possibility of an amendment to the legislation removing the mandate for the "substantial percentage of student receiving awards under subpart I of A of Title IV" should be examined. If this criterion is removed, consideration could be given to returning to the previous criteria, which although possessing their own limitations, have been generally accepted.

If the mandate to retain the "substantial percentage" is upheld, the actual percentage cutoff should obviously be lowered. Based on the research cited in this report, for public two year colleges the percentage which would correlate with the previous eligibility score cutoff of 174 points would be 25.31 for base year 1978-1979 and 31.4 for 1979-80.

Regardless of the calculation methodology which is finally adopted for FY 1982; any cutoff points, averages, or other quantitative eligibility criteria to be used should be "field-tested" in a significant number of representative institutions of higher education, using actual institutional data. This report clearly demonstrates the potential danger of error involved in setting such criteria according to other estimates of effect.

Appendix A

## TITLE III SURVEY

Institution - ______________________________

______________________________

______________________________

Total FTE enrollment (for last year available) ____________

Total years as a developing institution ____________

Title III - Eligibility score last year (based on revised tables) __________

Data for Base Year 1978-79

1. Total number of students eligible to apply for BEOG in base year __________
2. Number of students eligible to apply who received BEOG awards in base year _______
3. % of eligible students who received awards __________
4. Total amount of BEOG monies awarded in base year __________
5. FTE for base year (for calculating average BEOG) ____________

Data for Base Year 1979-80

1. Total number of students eligible to apply for BEOG in base year ____________
2. Number of students eligible to apply who received BEOG awards in base year ________
3. % of eligible students who received awards ________
4. Total BEOG monies awarded in base year _______
5. FTE for base year (for calculating average BEOG) ________

Appendix B

## TITLE III SURVEY
## TABULATION OF DATA

BASE YEAR 1978-79

| Institution | Size FTE | Eligibility Index | Students Eligible to Apply for BEOG | No. of BEOG Recipients | % Eligible Students Receiving BEOG | Total BEOG Dollars Awarded | Average BEOG for FTE |
|---|---|---|---|---|---|---|---|
| A | 491 | 185 | 691 | 145 | 20.98 | 76,034 | 155 |
| B | 562 | 191 | 572 | 297 | 51.92 | 164,169 | 292 |
| C | 1174 | 243 | 1846 | 304 | 16.46 | 207,762 | 177 |
| D | 1067 | 266 | 1727 | 717 | 41.52 | 318,655 | 299 |
| E | 4460 | 211 | 6938 | 1424 | 20.52 | 892,621 | 200 |
| F | 850 | 187 | 813 | 196 | 24.11 | 117,245 | 138 |
| G | 732 | 219 | 1102 | 332 | 30.13 | 144,556 | 197 |
| H | 610 | 204 | 881 | 234 | 26.56 | 120,592 | 198 |
| I | 2362 | 189 | 2553 | 522 | 20.44 | 282,995 | 120 |
| J | 1104 | N/A | 1592 | 183 | 11.49 | 101,050 | 92 |
| K | 767 | N/A | 855 | 216 | 25.26 | 115,578 | 151 |
| L | 570 | 234 | 740 | 218 | 29.45 | 114,716 | 201 |
| M | 1644 | 186 | 1727 | 395 | 22.87 | 235,097 | 143 |
| N | 2364 | 243 | 2164 | 770 | 35.58 | 462,423 | 196 |
| O | 1125 | 204 | 845 | 360 | 42.60 | 185,189 | 165 |
| P | 1604 | N/A | 1400 | 279 | 19.92 | 237,725 | 148 |
| Q | 3490 | 200 | 3120 | 737 | 23.62 | 405,360 | 116 |
| R | 4715 | 212 | 4684 | 930 | 19.85 | 779,407 | 165 |
| S | 930 | 234 | 930 | 184 | 19.78 | 103,621 | 111 |
| T | 1042 | 207 | 1195 | 278 | 23.26 | 167,196 | 160 |

TITLE III SURVEY
TABULATION OF DATA

BASE YEAR 1979-80

| Institution | Size (FTE) | Eligibility Score | Students Eligible to Apply for BEOG | No. of BEOG Awards Rec'd | % Eligible Students Receiving BEOG | Total BEOG Dollars Awarded | Average BEOG Per FTE |
|---|---|---|---|---|---|---|---|
| A | 465 | 185 | 600 | 175 | 29.17 | 95,208 | 204 |
| B | 467 | 191 | 477 | 268 | 56.18 | 145,102 | 311 |
| C | 1152 | 243 | 1956 | 419 | 21.42 | 280,336 | 243 |
| D | 1313 | 266 | 1947 | 989 | 50.79 | 537,278 | 409 |
| E | 4317 | 211 | 6907 | 1814 | 26.26 | 1,072,979 | 248 |
| F | 902 | 187 | 804 | 243 | 30.22 | 146,507 | 162 |
| G | 675 | 219 | 1042 | 329 | 31.57 | 152,604 | 226 |
| H | 477 | 204 | 873 | 334 | 38.26 | 160,570 | 337 |
| I | 2300 | 189 | 2547 | 644 | 25.28 | 372,001 | 162 |
| J | 1144 | N/A | 1716 | 270 | 15.73 | 159,061 | 139 |
| K | 748 | N/A | 928 | 232 | 25.00 | 124,454 | 166 |
| L | 649 | 234 | 833 | 298 | 35.77 | 161,539 | 249 |
| M | 2023 | 186 | 2094 | 596 | 28.46 | 356,517 | 176 |
| N | 2237 | 243 | 2037 | 1003 | 49.23 | 598,129 | 267 |
| O | 1024 | 204 | 904 | 572 | 63.27 | 274,221 | 268 |
| P | 1628 | N/A | 1476 | 358 | 24.25 | 332,997 | 204 |
| Q | 3620 | 200 | 3371 | 961 | 28.50 | 535,582 | 148 |
| R | 4722 | 212 | 4897 | 1003 | 20.48 | 997,438 | 211 |
| S | 1050 | 234 | 943 | 293 | 31.07 | 174,227 | 166 |
| T | 1087 | 207 | 1221 | 375 | 30.71 | 289 095 | 220 |

Appendix C

## ALPHABETICAL LISTING OF INSTITUTIONS IN SAMPLE POPULATION

| | | |
|---|---|---|
| 1. | Alexander City State Junior College | Alexander City, Alabama |
| 2. | Beaufort Technical College | Beaufort, South Carolina |
| 3. | Caldwell Community College | Lenior, North Carolina |
| 4. | College of the Albemarle | Elizabeth City, North Carolina |
| 5. | Florence-Darlington Technical College | Florence, South Carolina |
| 6. | Greenville Technical College | Greenville, South Carolina |
| 7. | Horry-Georgetown Technical College | Conway, South Carolina |
| 8. | James Sprunt Technical College | Kenansville, North Carolina |
| 9. | Mayland Technical College | Spruce Pine, North Carolina |
| 10. | Midlands Technical College | Columbia, South Carolina |
| 11. | Piedmont Technical College | Roxboro, North Carolina |
| 12. | Pitt Community College | Greenville, North Carolina |
| 13. | Roanoke-Chowan Technical College | Ahoskie, North Carolina |
| 14. | Sampson Technical College | Clinton, North Carolina |
| 15. | Spartanburg Technical College | Spartanburg, South Carolina |
| 16. | Sumpter Technical College | Sumpter, South Carolina |
| 17. | Trident Technical College | Charleston, South Carolina |
| 18. | Wayne Community College | Goldsboro, North Carolina |
| 19. | Wilkes Community College | Wilkesboro, North Carolina |
| 20. | Williamsburg Technical College | Kingstree, South Carolina |

Mr. **Andrews**. We next have Dr. Vincent Darnowski, president of Housatonic Community College located in Bridgeport, Conn. Is that correct?

## STATEMENT OF VINCENT S. DARNOWSKI, PRESIDENT, HOUSATONIC COMMUNITY COLLEGE, BRIDGEPORT, CONN.

Dr. **Darnowski**. Yes, sir. The identification is correct.

Thank you very much, Mr. Chairman.

It is a great privilege and pleasure to be able to provide some views on the proposed regulations governing title III.

I will not read my comments which are written, I feel somewhat frustrated actually because they echo so much both Dr. Young's and Dr. Garrison's comments.

I'd like to also indicate that Dr. Garrison asked me to apologize for his having to leave but he had an 11 appointment with Senator Thurmond, so he did move on to that particular meeting.

I'd like to restrict my comments to relatively few and not expand terribly. But No. 1, looking at the proposed regulations from the point of view of the institutions, certainly in Connecticut and New England, I could report without a doubt that within Connecticut no community college would be eligible under the proposed regulations, whereas under the previous regulations they all would have been eligible.

Mr. **Andrews**. May I interrupt? I am still trying to get the big picture. Where would the money go essentially? To 4-year institutions? What are we basically talking about? Apparently we are not talking about a reduction in money?

Dr. **Darnowski**. No. The funds are available.

Mr. **Andrews**. Apparently we are talking about something against something and I am trying to identify what.

Dr. **Darnowski**. OK, what we read the regulations as saying to us very clearly is, look, you can no longer be eligible to compete for the available funds because we've changed the ground rules with regard to eligibility.

Mr. **Andrews**. To favor whom over you?

Dr. **Darnowski**. That's a good question. I really don't know because I don't think anybody knows. This is the difficulty we've got to deal with. My testimony talks of the fact that 35 percent, 40 percent, 10 percent, 5 percent, that's a very, very arbitrary set of criteria. Where did the 35 percent come from, as Mr. Erdahl pointed out previously and as someone else pointed out? It came from a colloquy on the Senate Floor. That really doesn't have much basis in statistics from anybody. It is simply somebody's attempt to define or get themselves out of what I would call——

Mr. **Andrews**. For some purpose, I dare say.

Dr. **Darnowski**. I couldn't say. I really don't know. I think we are in a semantic trap. I think somebody said "'substantial." And nobody has been able to define the term "substantial."

I've heard all kinds of things. For example, my understanding was that at some point there was discussion about the 35 percent or some other percentage. It wasn't the number of people eligible to apply but rather was—I think you can probably reply—eligible to receive, and I think that makes a big difference. You know, we come from the Gold Coast of Connecticut. My students aren't going to be affected by the eligible to apply thing. They virtually all are eligible to apply. We've got a very low-income community in the Bridgeport area. So in other of the schools in Connecticut, a lot of people might not be eligible to apply simply because their family income is sufficiently high to immediately eliminate them. They'd be turned away.

There are a lot of reasons people don't apply. For example, in Connecticut, we provide, or the State provides, a certain percentage of our tuition income to low-income students for the forgiveness of tuition. As soon as we take care of that very low group, immediately their Pell grants are going to hit the floor. And our comparable Pell grants couldn't necessarily meet some of these particular criteria.

That's not, again, my institution, but it is at other Connecticut institutions. I don't know. Frankly, I think it was an arbitrary decision and I think that the Department's gotten hung up on the arbitrary decision. I think we've got another semantic problem and that is, I don't think that the legislation forbids the use of a table. I think there may be some problems with the old table when you look at part A and part B and so on, but there was no reason why a new table couldn't be set up.

The fact of the matter is, I stole one from one of the other community colleges, and added it to my testimony, and frankly I think that could work. But I think we are in a time bind. We've only got a few days, a few weeks, before this thing has to become operational if we are going to get funds in October of 1982.

And so we've got to find some way of at least beginning to solve the problem. I think Dr. Young's suggestions get to that point. The eligibility really is what most of us are concerned about. I really disagree with this whole business that it is in disagreement with the legislation. I think it is a disagreement with the interpretation of the legislation which has led to the regulations.

I think we are, again, getting into semantics. I really don't want to get into that kind of a discussion. It's a trap.

You can use all kinds of yardsticks but I think they have got to be applied fairly and reasonably. I think the old approach where you get the information for all the institutions and then pick a number out of the data which has been generated by those institutions as the point at which there will be a cutoff and then allow for some kinds of appeals. I think that is reasonable.

I think this business of just saying 35 percent, you just don't know. And that is my No. 1 point. My No. 2 point was Don Garrison's point about planning. I think what they are asking for in terms of what we've seen so far in the planning documents we are supposed to fill, are really going to lead us into three possibilities.

No 1, as Don mentioned, going out and getting a ghost writer, which I think is madness. No 2, fitting your plan to what you think your proposal is going to be, which I think is self-defeating. And third, I think we have got to face the reality of what planning is today.

I attended a bank board meeting a week ago. And they came up with this beautiful long-range plan, their goals and objectives and so on, and I asked, out of curiosity, what are your time lines? And they gave me a fudge answer. And afterward the guy who was responsible for the plan came up to me and said, you know, I hope you realize that in the very changeable banking environment that we are in, putting on time lines and all that kind of thing doesn't mean an awful lot right now because things are changing too rapidly.

Well, the same conditions apply to us. We don't know in Connecticut right now what our 1981-82 budget really is because of local fiscal concerns and we are operating in an environment where one of my colleagues puts down his annual objective, survival.

Title III is supposed to help us in the matter of survival, and I am saying, I am asking really for my institution and probably all of the other community colleges, give us a chance to participate in this important program by making the eligibility requirements something reasonable, something that we can hang our hat on and see that there is a uniform application. Let's not get into the use of arbitrary yardsticks.

I think yardsticks can be used to measure and to punish. I don't think anybody is out to punish us as such but I think if you put up that yardstick as a hurdle, then either you get over it or you crash. And I just don't think at this point that that is reasonable.

I guess that sums up everything that I was going to say.

Mr. ANDREWS. Thank you, Dr. Darnowski. Without objection, the full text of your remarks will be included in the record of this hearing.

[The prepared statement of Vincent Darnowski follows:]

### PREPARED STATEMENT OF VINCENT S. DARNOWSKI, PRESIDENT, HOUSATONIC COMMUNITY COLLEGE, BRIDGEPORT, CONN.

I am Vincent S. Darnowski, President of Housatonic Community College located in Bridgeport, Connecticut.

It is a great privilege and pleasure to be able to provide views on the proposed regulations governing Title III, the Institutional Aid Program. The correpondence received about this hearing indicated an interest in hearing about the "practical application of many of the (Education) Department's interpretations . . .". Before responding directly on the four issues outlined in that letter, let me indicate that the application of the proposed regulations would eliminate all the community colleges in Connecticut from participation in the Title III Institutional Aid Program. As a practical matter, there would be no need to discuss any other element of concern for Housatonic Community College or any other Connecticut Community College if the regulations as presently proposed for eligibility standards were to be applied.

In the past several years, five of the twelve Connecticut Community Colleges have participated in the program. This participation has occurred through individual institutional grants or through consortia. In all instances, the effect has been to strengthen offerings to disadvantaged students in a variety of programs.

The loss of eligibility by Connecticut Community Colleges and others across the country is based on a sort of "Catch 22":

Tuition and other costs at the community colleges are kept low to make possible attendance by blacks, hispanics and other disadvantaged persons;

Students receive relatively low Pell Grants as a result of low costs and the fact that they are commuters;

The institution is blocked from a program which would help provide better services for those who need them because it is making access only part of the job, easier for low-income people.

To turn to the several issues outlined:

## INSTITUTIONAL ELIGIBILITY

Institutional eligibility is to be determined on several criteria. The use of Pell Grant measures points at establishing that there are numerous students in an institution who need the support services provided through the Title III Institutioal Aid program. The use of measures of E & G expenditure is designed to indicate that the institution itself is in need of additional funds to provide appropriate services.

The use of these yardsticks becomes questionable when they are not used to measure but to punish. The Pell Grant measures come into question when the arbitrary figure of 35% of at least half-time students who were eligible to apply for Pell Grant measures come into question when the arbitrary figure of 35% of at least half-time students who were eligible to apply for Pell Grants received Pell Grants is used. There are any number of reasons why Pell Grant eligible students will not apply for aid, any number of reasons why they will not receive the grants. The use of the Pell Grant data in this way tells nothing about the needs of the students in the institution but seems to say "Here is a hurdle. Clear it or crash."

To settle on 5%, 15%, or 35% in this matter does not resolve the fundamental arbitrariness. It tells little about the students. On one hand, this requirement in the regulations might be eliminated. As a substitute, consider a point system such as that on Attachment I. Such use of data is at least reflective of the economic demographics of an institution seeking to be eligible.

To turn to another eligibility criterion, when Pell Grant levels at institutions are compared, strict comparison in types of institutions should be made. Residential colleges should not be compared to non-residential colleges populated by commuters. The cost of attending each will vary considerably.

Another point structure for determining eligibility when comparing institutions on the basis of average Pell Grant should be considered. Such a point structure is included in Attachment I. The need for a structure is made evident by the competition for these funds which develops each year.

The comparison of Educational and General Expenditures (E & G) required as a third criterion for eligibility, should also be accomplished by means of a point system. Such a system is outlined in Attachment I. It is difficult to see how the "double weighting" called for in the regulations can be accomplished without such a system.

## INSTITUTIONAL SELF SUFFICIENCY

An institution has a set of normal funding sources which will vary with the nature of the institution. These will include tuition, state or local support on an appropriated basis for public institutions, private funds or endowments for independent and some public institutions. Other funds, designed for research or development, should not be counted on as a regular part of its income. They are too transitory and too subject to changes in funding source priorities.

For this reason, no institution should expect to never graduate from the Institutional Aid Program until or unless the regulations are totally rewritten and the intent of Congress is differently spelled out. Certainly, the land grant program provides for long range Federal funding for some institutions but that is not at all parallel to this program.

To graduate from the Title III program, an institution should demonstrate through its own planning processes that there is a specific set of objectives or goals when it enters into Title III. At a number of points along the way, probably annually, while Title III funds are flowing to the institution, measures that had been previously agreed upon should be used to measure progress. This puts an obligation on the institution to do planning both of a long-range and a strategic nature.

There is one caveat. At the present time, no institution can be precisely sure of what a five-year period, for example, will bring it in terms of enrollment, programs, and support from its "normal" sources. What should be required by the Title III program in institutional planning should be first, a set of reasonable, "do-able" long-term but measurable goals. On an annual or bi-annual basis, the institution should submit a strategic plan by which it will make specific measurable strides toward achieving those goals. In all probability, it will have to be recognized by everyone involved that not all goals can be achieved completely by an institution receiving a developing institutional program grant.

From all of the above must come the recommendations that—

(1) participation in Title III be finite;
(2) the Title III program be finite in time; or,
(3) that the Congress address anew the question of intent.

## EXPLICIT STATUTORY SET ASIDES

The wording in the portion of the regulations concerned with funding availability changes, in my view, the intent of Congress. The legislation says that "the Secretary shall make available" certain fund levels for junior and community colleges and historically black institutions. The regulations make these levels of funding contingent upon whether sufficient high quality applications are received.

It does not seem that the Department of Education has the power to change this intent of Congress. In other areas one may quibble about the shading of meaning but here it is rather precisely stated.

Further, the Department of Education, as any grant giving organization should make explicit immediately what the maximum level of funding will be for each type of grant. This information is critical for the planning by institutions which the regulations wish to seem to encourage.

## THE DEFINITION SUBSTANTIAL

If there is an area which is open to semantic debates, and the regulations, it is this word "substantial." One can wonder about substantial effort by a family, substantial contributions by individuals to fund raising drives and substantial numbers or percentages of students.

The question is what again was the intent of Congress. It is strongly recommended that to meet the intent of Congress and to reward those institutions with the greatest numbers of Pell Grant recipients, that a sliding scale of points for institutions having higher percentages of Pell Grant recipients be developed. To arbitrarily set a number such as 35% and to use it as a cut off seems most unreasonable.

The some could be said for the matter of student financial aid levels. A sliding scale providing funds where they are most needed as determined by the scale would be much better than cutting off at some fixed point. The matter of scales for these criteria is addressed in another portion of this statement as well as Attachment I.

One final comment. The regulations as written effectively eliminate the possiblity of consortia under Title III. The legislation seems very clear that development of consortia is to be encouraged.

The people who write about the future of higher education seem to say that during the '80s we will need more and more consortia. There seems to be little doubt that cooperation on a variety of levels—in programs, staff, libraries, laboratories—must be entered into by institutions of higher learning in the next 10 years. Writing the regulations for Title III and the way they have written seems to fly in the face of such efforts.

It is recommended that the regulations be rethought and reworked with reference to consortia. However, unless they are in very specific ways, the effect of the Title III regulations will be to thwart some of the most important developments that might occur in the difficult and confusing years ahead.

## ATTACHMENT I

### SUGGESTED REWRITE FOR SEC. 625.2 DESIGNATION OF ELIGIBILITY

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Strengthening Program if—

(1) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2;

(2) (i) It has an enrollment which includes a substantial percentage of Students receiving Pell Grants in the base year. The Secretary assigns points to the institution on a scale of 0-100 points on the basis of the number of Pell Grant recipients per FTE undergraduate student. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(ii) The average Pell Grant received by its students in the base year was high in comparison with the average Pell Grant received by students at comparable institutions in that year. The Secretary assigns points to the institution on a scale of 0-100 points. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(3) It has an average educational and general (E&G) expenditure per full-time equivalent (FTE) undergraduate student in the base year that was low when compared to the average at institutions that offer similar instruction. The Secretary assigns 0-100 points to the institution reflecting the institutions position on the percentile scale when compared to the same averages of all other institutions that offer similar instruction.

(b) In determining institutional eligibility, the Secretary gives the factors described in paragraphs (a) (2) (i) and (ii) of this section double the weight of the factor described in paragraph (a) (3) of this section. The following chart Illustrates how the Secretary assigns points for the above factors:

| Percentile rank | (a)(3) | (a)(2)(i) | (a)(2)(ii) |
|---|---|---|---|
| 99.5 | 0 | 100 | 100 |
| 99 | 1 | 98 | 98 |
| 98 | 2 | 96 | 96 |
| 2 | 98 | 4 | 4 |
| 1 | 99 | 2 | 2 |
| 0 | 100 | 0 | 0 |

(c) A total of 150 points—the combined total of all three factors—will be the minimum for institutional eligibility.

Mr. **Andrews**. I must leave. I am even later for a 10 meeting than I was for this one. And I have constituents waiting in my office as well. I am very sorry.

You obviously have a very serious problem which not only exists in terms of time. I think, solution-wise, Dr. Young, in your statement on page 4 and continuing on page 5, you address this. As our chairman, Paul Simon, suggested, perhaps a half dozen or so people could meet and go over this with the Department and reach an agreement.

My assumption is that, No. 1, there seems to be virtual unanimity. There may be some degree of difference as to what has to be done, but there is agreement to do something at least essentially along the lines that all of you are suggesting. The method, I would think, would not be to introduce a bill in the House. I would think that would not be necessary. There will have to be a conference, will there not, on the appropriations bill in question;

So if the Senate could get incorporated into the appropriations bill, even if it is vetoed, if we could get into the appropriations bill the language to this effect and then carry it over into the supplemental bill which is the one, I guess, under which we will get such funds as are received.

In the conference committee, the House conferees, would surely approve an amendment that has been added by amendment in the Senate. I think we would accomplish the purpose without the necessity of a separate bill. I believe it would be difficult to get through the Rules Committee, due to time constraints here, and get a separate bill through the House, and I don't believe that that is necessary. Is that true?

Mr. **Blakey**. Basically I believe that is correct. A regulatory solution, however, is certainly more preferable.

Mr. **Andrews**. As I understand it, it would be accomplished in the Senate. I am sure, I feel confident that the House conferees would agree. Then I think the battle would be over. Maybe I am looking at that as being easier than it is going to be but I believe we would cooperate with the Senate. I do not believe anyone would oppose it.

With that, I am going to ask Mr. Blakey to continue with running the hearing. I will be meeting with Mr. Simon and other appropriate people and I will consult with you as to when we might do that. Thank you.

Mr. **Blakey** (acting chairman). Mr. Badwound, will you continue?

## STATEMENT OF ELGIN BADWOUND, PRESIDENT, OGLALA SIOUX COMMUNITY COLLEGE, PINE RIDGE RESERVATION, S. DAK.

Mr. **Badwound**. Thank you, Mr. Chairman. I realize we are in some time constraints and I will try to summarize my testimony.

Again, I am going to be echoing a lot of the comments that have already been made.

I would like to give some background information on Indian colleges because I think, I view these institutions to be unique from the traditional institutions and I think this needs to be seriously kept in mind, and some of the recommendations I will propose I think will hopefully be a lot clearer with this information.

I am the president of Oglala Sioux Community College, located on the Pine Ridge Reservation in South Dakota. I am also president of the American Indian Higher Education Consortium which consists of 17 tribal colleges representing the States of North and South Dakota, Montana, Nebraska, Arizona, California, and Washington.

The testimony that I am about to summarize here is general testimony and the recommendations are those that affect most of the tribal colleges. I have also asked each individual college to submit more specific individual testimony as obtained through their respective colleges and I think most of them have agreed to do that.

The tribally controlled community colleges have participated in the title III program since around 1972. This program has caused us to have a great deal of success in helping to develop human resources on Indian reservations. The colleges are contributing also to the higher education resources of the Nation. They have given the Indian people on the reservations a sign of hope, a chance to improve their job skills, and upgrade their education by providing services that were previously inaccessible to them.

Tribal colleges are providing invaluable training to tribal governments enabling them to effectively deal with the major development issues that are confronting them.

The goal of tribal governments as a whole today is self-sufficiency and the tribal colleges are contributing significantly to the attainment of this goal.

Tribal colleges, due to the unique relationship which Indian tribes have with the Federal Government, rely a great deal upon Federal programs for their financial support, thus, the significance of title III funding, as well as a variety of other Federal programs.

The impact of the new proposed regulations of title III as amended is simply that they make it extremely difficult, if not impossible, for tribally controlled community colleges to participate in the institutional aid program.

It is our understanding that title III is supposed to help those institutions which are struggling for survival, to help bring them into the mainstream of academic life. Tribally controlled community colleges probably meet the definition of struggling institutions far more than other institutions of higher education, and yet our institutions are the very ones which are being put in a precarious position of possible exclusion from participation in title III under he new proposed regulations.

I would to now move to the sections which appear to be causing the most problems at this point, in my discussions with the other colleges, and again, these are not necessarily the only sections that are causing problems. Again, these are picked out because they pertain to more of the colleges.

Section 625.5 of part A has the requirements that 35 percent of undergraduates, who are at least one-half time and eligible, received Pell grants. There is a requirement that the average Pell grant received is greater than the average of comparable schools, a requirement that an average E and G per FTE undergraduate expenditure be less than a graduate of comparable schools.

And also we understand that title III had identified 1979-80 as the base year from which the compute the percentages. These requirements pose problems in that many colleges have only recently become eligible to administer financial aid and the base year chosen will eliminate their eligibility.

We view the base year identified to be arbitrary and it may not reflect the financial needs of an institution in subsequent years.

The 35 percent Pell grant requirement will also eliminate some colleges from participation. E and G expenditures are higher than minimum at most of the tribal colleges. This is due to the fact that tribal colleges characteristically serve large campuses, in essence, Indian reservations, with small, very small student populations.

Reservations are at the lower rungs of the economic ladder nationally and the institutional cost of providing education to the students is unusually high compared to traditional higher education institutions.

In line with this, also, the 100 FTE requirement for section 626.2 of part B, again will eliminate many tribal colleges due to their very small enrollments.

I would like to summarize my comments by reiterating that the Federal Government has obligated itself through treaties to provide education to Indian tribes. This has resulted in a unique relationship. It is important to keep this relationship along with the characteristics of tribal colleges. We feel that they warrant careful attention when determining eligibility requirements not only for title III but other programs insofar as tribal colleges are concerned.

I would like to offer some recommendations in terms of the problems being experienced by these colleges.

No. 1, the American Indian Higher Education Consortium and its member institutions recommend that a technical amendment be offered to the Congress which would amend section 342 "waiver authority and reporting requirement" by deleting section 342(b)(1) and adding the following: That section 342(b)(2)(3)(4)(5) be renumbered accordingly and that a new section 342(c) be inserted after 342(b) which would read:

> The Secretary may waive the requirements set forth in sections 312(2)(b), 322(a)(2)(b) and 322(a)(2)(bi) in the case of an institution located on or near an Indian reservation or in a substantial population of Indians, if the Secretary of Education determines that the waiver will substantially increase higher education opportunities appropriate to the needs of American Indians.

No. 2, the American Indian Higher Education Consortium recommends that in determining the eligibility for tribally controlled community colleges participating in parts A and B, the Secretary of Education, through regulation, as it is not precluded by law, grant tribally controlled community colleges a waiver from the provisions of 625.2 and 626.2 until such time that tribal colleges have had access to the funds necessary to establish an accurate data base by which to establish their eligibility under this section.

No. 3, the American Indian Higher Education Consortium also recommends that a technical amendment be offered to Congress to address sections 312(2)(A)(1,2,3,i)(I) and section 322(a)(2)(A)(iii)(I) so as to clarify the fact that tribally controlled community colleges are not governed by State law. Such language would amend the above-stated sections by inserting after "within the State" and before "an educational program," the following language: "or chartered by a tribal government." Again, this will serve to clarify and recognize a unique relationship which exists between the Federal Government and the Indian tribes.

No. 4, the American Indian Higher Education Consortium also recommends that a special set-aside provision, that is, 5 percent, be established by regulation for tribal colleges. It is our understanding that a special set-aside for black institutions has been established by regulation. Again, this set-aside will demonstrate the Federal Government's recognition of its educational obligations toward Indian tribes.

I would also like to—even though it wasn't included in the written testimony—to reiterate some of the concerns on planning, and I think this has also another crucial impact on tribal colleges. Speaking from experience, as one of the earlier gentleman commented, it is almost impossible in this day and age to put together a long-range plan, particularly in the case of tribal colleges who rely a great deal upon Federal funds. The uncertainty of those funding sources has an effect.

For example, part of our budget comes from the Bureau of Indian Affairs budget and I think it is very clear why we were having problems this year since the budget has not been approved. We have no idea at this point what our funding sources are going to be from those sources that come from the Bureau budget.

So when you try to sit down and do a plan around this kind of funding instability from the external sources, it's next to impossible.

I would also like to—I think the recommendation of the joint meeting with the—as requested by the chairman of the subcommittee, I think that is a valid recommendation. I would like to participate in that, if possible, and I think that would be one way of trying to arrive at some substantial recommendations as to how we address these problems and how we proceed and how they are to be offered, how recommendations will be introduced once we agree on what those recommendations might be.

Thank you very much for taking the time to hear our concerns and I'd be glad to answer any questions you may have.

Mr. **Blakey**. Thank you very much. Without objection, the full text of your remarks will be made a part of the record.

[The prepared statement of Elgin Badwound follows:]

## PREPARED STATEMENT PRESENTED BY ELGIN BADWOUND, PRESIDENT, OGLALA SIOUX COMMUNITY COLLEGE FOR TRIBALLY CONTROLLED COMMUNITY COLLEGES IN THE UNITED STATES

Mr. Chairman, distinguished Members of the Subcommittee, my name is Elgin Badwound. I am President of Oglala Sioux Community College located on the Pine Ridge Reservation in South Dakota. I am also President of the American Indian Higher Education Consortium which consists of 17 tribal colleges representing the states of North and South Dakota, Montana, Nebraska, Arizona, California and Washington. It is indeed an honor to come before your prestigious Subcommittee to speak on behalf of the Oglala Sioux Community College and the other Tribally Controlled Community Colleges in the American Indian Higher Education Consortium.

I would like to take this opportunity to thank the Members of the Subcommittee and their staffs for taking the time to hear specific concerns of tribal colleges pertaining to the proposed rules and regulations for Institutional Aid Programs as authorized under Title III of the Higher Education Act as amended.

Tribally controlled community colleges have participated in the Title III—Basic Institution Development Programs since 1972.

As a result of Title III funding, tribal colleges have been able to strengthen their academic programs and are now providing successful educational experiences for American Indian Students. The Title III—Basic Institutional Development Program has helped many of the tribal colleges to upgrade their capabilities to better manage and account for federal funds through improved fiscal management systems. Improvements have also been realized by the colleges in the area of managing student financial aid programs.

Tribal Colleges have had a great deal of success in helping to develop human resources on their respective reservations and are contributing to the higher education resources of the nation. They have given the Indian people on the reservation to sign of hope, a chance to improve their job skills and upgrade their education by providing services previously inaccessible to them. Tribal colleges are providing invaluable training to tribal governments enabling them to effectively deal with the major development issues confronting them. The goal of tribal governments self-sufficiency and the tribal colleges are contributing significantly to the attainment of this goal.

Tribal colleges, due to the unique relationship which Indian Tribes have with the federal government, rely a great deal upon federal programs for their financial support. Thus, the significance of Title III funding as well as a variety of other federal programs.

The impact of the new proposed regulations of Title III of the Higher Education Act of 1965 as amended is simply that they make it extremely difficult, if not impossible, for tribally controlled community colleges to participate in the Institutional Aid Program. It is our understanding that Title III is supposed to help those institutions which are struggling for survival and to help bring them into the "mainstream of academic life." Tribally controlled community colleges probably meet the definition of "struggling institutions" far more than other institutions of higher education and yet our institutions are the very ones which are being put in the precarious position of possible exclusion from participation in Title III under the new proposed regulations.

The proposed rules and regulations pose a series of problems for tribally controlled community colleges and I will now discuss the the specific sections which are causing the problems. Section 625.2 of Part A has the requirements that 35 percent of undergraduates, who are at least ½ time and eligible, received Pell grants; average Pell grant received greater than average of comparable schools; average E & G/FTE undergraduate was less than average of comparable schools. We understand that Title III has identified 1979-80 as the "base year" from which to compute the percentages. These requirements pose problems in that many colleges have only recently become eligible to administer financial aids and the base year chosen will eliminate their eligibility. We view the base year identified to be arbitrary and may not reflect the financial needs of a college in subsequent years. The 35 percent Pell grant requirement will also eliminate some colleges from participation. "E & G expenditures" are higher than minimum at most tribal colleges. This is due to the fact that tribal colleges characteristically serve large campuses (reservations) with small student populations. Reservations are at the lower rungs of the economic ladder nationally and the institutional cost of providing education to students is unusually high compared to traditional higher education institutions. In line with this, the 100 FTE minimum requirement for Section 626.2 of Part B again will eliminate many tribal colleges due to their small enrollments.

In summary, I would like to reiterate that the federal government has obligated itself through treaties to provide education to Indian tribes. This has resulted in a unique relationship. This relationship together with the special characteristics of tribal colleges warrant careful attention when determining eligibility requirements for Title III, Higher Education Act as amended or other federal programs insofar as tribal colleges are concerned. Based on our expressed concerns, I am hereby submitting the following recommendations for your review, consideration and action.

(1) The American Indian Higher Education Consortium and its member institutions recommend that a technical amendment be offered to the Congress which would amend Section 342 "waiver authority and reporting requirement" by deleting section 342(b)(1) and adding the following: That Section 342(b), (2), (3), (4), (5), be renumbered accordingly and that a new Section 342(c) be inserted after 342(b): "(c) the Secretary may waive the requirements set forth in Sections 312(2)(b), 322(a)(2)(b) and 322(a)(2)(b) in the case of an institution located on or near an Indian Reservation or in a substantial population of Indians, if the Secretary of Education determines that the waiver will substantially increase higher education opportunities appropriate to the needs of American Indians."

(2) The American Indian Higher Education Consortium recommends that in determining the eligibility for tribally controlled community colleges participating in Parts A & B, the Secretary of Education through regulation (as it is not precluded by law) grant tribally controlled community colleges a waiver from the provisions of 625.2 & 626.2 until such time that tribal colleges have had access to the funds necessary to establish an accurate data base by which to establish their eligibility under this Section.

(3) The American Indian Higher Education Consortium also recommends that a technical amendment be offered to Congress to address Sections 312(2)(A)(1,2,3,i)(I) and Section 322(a)(2)(A)(iii)(I) so as to clarify the fact that tribally controlled community colleges are not governed by State law. Such language would amend the above stated sections by inserting after "within the State" and before "an educational program", the following language: "or chartered by a tribal government." This will clarify and recognize the unique relationship which exists between the federal government and Indian tribes.

(4) The American Indian Higher Education Consortium also recommends that a special set-aside provision, e.g. 5 percent, be established by regulation for tribal colleges. It is our understanding that a special set-aside for Black Institutions has been established by regulation. Again, this set-aside will demonstrate the federal government's recognition of its educational obligations toward Indian tribes.

Thank you very much for taking the time to hear our concerns. I will be pleased to answer any questions you might have.

Mr. BLAKEY. I have just one question. One of the things you really didn't address and Bob Young had said he would before he left and then he didn't, maybe the panel would like to respond on the question of self-sufficiency.

My understanding or reading of the statutory limitation is that it is very clear that if you apply for a 4- to 7-year grant, and you get one, you're not supposed to apply again. The regulations go somewhat beyond that and I'd like to have your comments on the whole question of self-sufficiency.

Mr. DARNOWSKI. My testimony does address this to some extent. It is very simple from my point of view. Number one, somebody talked about bad education; that is, not graduating, not becoming self-sufficient. I think making significant moves toward self-sufficiency or graduation—but I think the important thing I am trying to say is "significant moves." I think that's bad management because I think this whole thing is supposed to be aiming at improving management.

But I think there is another caveat and I don't have an easy solution to offer in this case, and that is that none of us ever achieve our goals 100 percent. If anybody expects us to achieve them, I think they are really blowing smoke.

So, I think there are two or three ways that one might address this. Number one, to first look at segments of the program within a given institution, and those where the institution, through some planning process, and I think it is a strategic planning process, has made moves toward something like 90 percent or something of this sort, toward meeting those goals, fine. That's part of the institution graduating, if you will, from a program.

But there may be other elements of the institution which still require help and support and I think that should be noted and provided for. I don't think everybody can—you just don't move uniformly forward and you don't ever reach your goals on a 100 percent basis.

So I would say, sure, you have to make every effort to meet the goals and the requirements, and I think this requires, from the Department, two things. Number one, a good system of evaluation, and two, the thing that Dr. Young mentioned, an excellent methodology for feeding back to the institutions in a given time frame. Say you are in the 5- or 7-year program and you are moving through your third year, they feed back to you how well it seems that you are doing, rather than stuff disappearing down a dark tunnel and never bouncing back.

You know, it is very frustrating.

Mr. BLAKEY. Thank you. Dr. Young?

Dr. YOUNG. Let me clarify my position. I have no particular qualms with the underlying concept of graduating from title III. I think there are points in time when institutions should move toward eventually graduating. I am not sure the way it is currently structured is the appropriate way.

I am a little uneasy with the definition of self-sufficient, which appears in the regulations, and because I am, let me share that with the group because everybody here may not be aware of it. Self-sufficient means the point at which, in the determination of the Secretary, an institution would be able to survive without funding under the institutional aid program.

That's a rather arbitrary and a potentially capricious set of circumstances. I am not comfortable at all that the Secretary is going to determine that at one point my institution can no longer survive if we cannot get title III funding. So I do have a little bit of a hangup with that, if you will permit me saying so.

A couple of things that I'd like to point out here that were alluded to and perhaps were not clarified in testimony, if I may take about 30 seconds. We were talking about this concept of those eligible to apply for Pell grants. I think the inference was made that that had something to do with serving low-income students. Let me remind the group that the eligibility to apply is in no way whatsoever related to income. Everybody, unless they are a foreign student, a religious student or whatever, if they are taking 6 or more hours they are eligible to apply. Their income may be $400,000 a year. Therefore the criterion in no way reflects whether an institution serves disadvantaged individuals.

The other question is, my Congressman from North Carolina, Mr. Andrews asked, Where would the money go if these institutions were not allowed to be eligible? That is a good question. The law set aside a minimum of 24 percent in part A, a minimum of 30 percent in part B, for 2-year colleges. If the law stands as it is, if the regulations stand as they are, 90 percent, 80 to 90 percent of 2-year public colleges would be ineligible to apply. So what we may have accomplished in the last 3 years or working very hard to get our set-asides, what we may have is approved money set aside and no one to give it to.

I think this needs to be brought to the attention of the people who will be making further deliberations on this issue.

Mr. **Blakey**. Mr. Badwound?

Mr. **Badwound**. I guess again it's an integral part of any institution of higher education to do planning. I know it is a very important part of the management process. But again, I think the heavy emphasis on planning is kind of scary, because it says if you don't, if people don't approve of your plan, you are not eligible, and it stops right there, and again, I'd like to say that people who are reviewing, the readers, reading these plans, have to be aware of the needs of particular institutions. With respect to, again, tribal colleges, and the unique situation they are in, and the relationships that they have with the Federal Government, I think that that would have to be very carefully scrutinized when these plans are being examined.

Also, the term "self-sufficiency," again it is hard to define exactly what that means. I really have problems with that. I think a lot of the schools do. Again, in determining when an institution is progressing toward self-sufficiency, I think the evaluation criteria in determining whether that is happening or not, should be carefully scrutinized in relationship to the needs of different kinds of institutions.

Mr. **Blakey**. Thank you.

Do you have something to add, or a question?

Ms. **Vance**. I have a question for Dr. Young, with regard to part A of the title III program, and the requirement that the average amount of award which is high in comparison with the average amount of all other grants. You have made the point, and several other witnesses have made the point, that the Pell grant is not a good index for measuring the average amount of the award because whether you go to a low tuition institution or high tuition institution you end up comparing apples with oranges. Have you thought of the possibility, what the impact would be, if instead of using the average amount of the Pell grant you used the average eligibility index factor for the Pell grant which would be the same regardless of where the student chose to go to school? Have you thought whether that would be a more equitable manner to measure the comparison of average grant awards.

Dr. **Young**. It may in fact be more equitable. I've got a feeling statistically and informationally it may encompass even more problems than what we have now in terms of collecting the data. That eligibility index on the student's application, SER for financial aid, is a rather arbitrary number. For example, the students who receive a maximum grant under Pell can have an eligibility index ranging from 0 to 500, and when you start averaging with that much latitude, I am not sure how valuable such averages would be.

So I think from a statistical point of view, we may in fact create more problems by going that route than the problems we have now.

Ms. **VANCE**. The range is in fact anywhere between 0 and 500?

Dr. **YOUNG**. That is for a full-time student in a 2-year college this year, who would receive a maximum Pell award. The index then goes much beyond that. That's just the first segment.

Mr. **BLAKEY**. On behalf of our members, I'd like to thank the panel for coming such a long distance. As the chairman indicated, we have no control over when the Budget Committee or any other committee decides to schedule a meeting and unfortunately everybody evidently picked today.

I'd like to thank the three of you and ask that the next panel come forward at this time, Dr. Henry Ponder, president of Benedict College in Columbia, S.C.; Dr. Charles A. Lyons, Jr., chancellor, Fayetteville State University; Dr. Charles H. Oestreicht, president of Texas Lutheran, and he will be accompanied by Dr. Thomas Englund.

Is Sister Colette Mahoney here?

[No response.]

Mr. **BLAKEY**. Dr. Ponder, why don't we start with you. We have, I know, two more people who are still waiting to be heard. If I could ask you again to follow the admonition of the chairman and we'll insert all of your written testimony in the record and ask you if you will summarize your statements.

We'll have questions if you strike upon things that we feel we need to clarify. We'll proceed.

Dr. Ponder.

## STATEMENT OF HENRY PONDER, PRESIDENT, BENEDICT COLLEGE, COLUMBIA, S.C.

Dr. **PONDER**. Thank you, sir.

My name is Henry Ponder. I am president of Benedict College in South Carolina. I am very pleased to appear before this group, representing the United Negro College Fund. This is an organization of 41 predominantly black institutions all private and all fully accredited and the total enrollment of these institutions is in the neighborhood of 50,000 students.

Title III can be compared in its uniqueness to that of the Morrill Land Grant Act of 1862. It can be said that title III is the Civil Rights Act for black higher education institutions.

The law was written at the height of the civil rights movement. This change in spirit was a result of years of discrimination. The intent of the law was to redress the injustice practiced upon the black colleges. We think this spirit exists today.

The Department of Education recently produced its preliminary regulations for title III and we believe that many sections of their proposed regulations fail to reflect the true intent of Congress. I would like to point out those sections of the proposed regulations that we believe contravene the true intent of Congress.

One, designation of eligibility. Under the proposed regulations, the Secretary considers that an institution has a substantial percentage of Pell recipients if at least 35 percent of its undergraduate students were enrolled as at least half-time students and were eligible to apply for Pell grants in that year, end of quote.

Title III funds must be focused on institution with at least 45 percent Pell grant recipients. During congressional debate, the Congress defined what substantial percentage means and I have heard discussion today that it was never defined. They determined that 45 percent would be the base number and you can get this from the Congressional Record, June 23, 1980, page S7890.

Two, designation of eligibility special needs program. The proposed regulations state an institution seeking designation must meet four tests. One of these tests requires that an institution must enroll a substantial percentage of students who receive Pell grants and a substantial percentage of students who receive assistance under the campus-based programs—SEOG, NDSL, and CWS, college work study. The proposed regulations then declare that "the Secretary considers that the institution has a substantial percentage of students receiving assistance under the campus-based programs if at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for student financial assistance."

The base of eligibility, we believe, should be students enrolled and receiving financial students rather than students eligible.

Three, restrictions on the use of funds. Under the proposed regulations, general operating and maintenance expenses are restricted. This language, which is not a part of the Education Amendments of 1980, is inconsistent with the pressing needs of small, developing institutions. The Senate recognized this when it reported that these institutions need general operating funds. Due to small endowments, low tuition, and serving large numbers of the historically economically disadvantaged students, these institutions face a special burden and require massive general and maintenance funding. This restriction should be removed.

Long-range plan. Under the proposed rules, the Department attempts to force institutions out of title III. This is clearly inconsistent to the law. The Department's regulations should adhere to the law requiring institutions to develop plans to increase their self-sufficiency.

Five, challenge grants. Under the proposed regulations, the challenge grant program is described as providing Federal financial assistance as an incentive for eligible institutions of higher education to seek alternative sources of funding to become self-sufficient. The challenge grant funds should be permitted for indirect endowment building similar to the rules under which the National Endowment for the Arts operates;

Six, strengthening developing institutions programs. The proposed rules prohibit current SDIP grantees from applying for parts A and B. There is not any language in the law which mandates this prohibition.

Seven, terminal grants. Designation of funds for long-term terminal grants should not be used to force institutions out of title III. Part A of title III has two funding programs: 1 to 3 years, and 4 to 7 year grants. Part B has a funding program for 1 to 5 years. The 4 to 7 year and the 1 to 5 years are terminal grants and are the most heavily funded of all three programs.

The program is simply to attract institutions to the terminal grant. But two problems arise here. First, institutions with long-term needs beyond 7 years will focus on one of the 1 to 3 year renewable grants. Two, those institutions who have 1 to 3 year needs will focus on the most lucrative 5 to 7 year programs, deleting funds that could be used for those institutions with long-term problems.

The United Negro College Fund therefore recommends that the regulations specify that the Secretary set a range, perhaps 25 to 35 percent, of funds designated for the longer development grants.

Since I am trying to help with the time, I want to say that the United Negro College Fund believes that the primary purpose of the title III program in its inception was to provide financial assistance for the historically black colleges and universities. Only to a partial extent has it succeeded in achieving this end. Because it is difficult to define the terms "developing" or "struggling" succinctly, the array of colleges and universities receiving title III awards has become very broad.

Mr. Chairman, I would like to ask that when this committee that the chairman suggested is set up, the United Negro College Fund would like to have a representative at that meeting.

Again, it has been a pleasure to appear before this committee.

Mr. BLAKEY. Thank you very much, Dr. Ponder.

The full text of your remarks will be made a part of the record of this hearing.

[The prepared statement of Henry Ponder follows:]

### PREPARED STATEMENT OF HENRY PONDER, PRESIDENT BENEDICT COLLEGE, COLUMBIA, S.C. ON BEHALF OF THE UNITED NEGRO COLLEGE FUND

My name is Henry Ponder. I am President of Benedict College in South Carolina. I am pleased to appear before you to comment on the preliminary Title III regulations—Institutional Aid Program of the Higher Education Act. The United Negro College Fund represents a consortium of 41 predominantly black colleges and universities. All are private and fully accredited. These UNCF institutions provide a quality education for 50,000 students. Our institutions are in the finest plurality in this nation.

Title III can be compared in its uniqueness to that of the Morrill Land Grant Act of 1862. It can be said that Title III is the Civil Rights Act for Black higher education institutions. There is a clear strident consensus among educators of the value of Title III. Embedded in Title III is the profound and sound American spirit expressing a fundamental national commitment to education and to its universal access and opportunity for education. Former President Lyndon Johnson proposed legislation for a program to strengthen developing institutions in his education message to the Congress in January 1965. He stated that many of the Nation's smaller schools had become isolated from the main currents of academic life, and were struggling for survival. The President believed that Federal aid was essential to assist states and private sources in solving these problems. The Strengthening Developing Institutions Program became law on November 8, 1965. The legislative history of Title III reflects this commitment.

The law was written at the height of the civil rights movement. This change in spirit was a result of years of discrimination. The intent of the law was to redress the injustice practiced upon the black colleges. This spirit continues today. The House reaffirmed its commitment to Black Colleges by a double-weighted Pell Grant criteria in Part A. The Senate voiced its strong support when it enacted a hold harmless provision in Part B during reauthorization of Title III. Most recently, it voted overwhelmingly to restore $30 million in Title III on behalf of Black colleges. The past administration demonstrated its support for Black colleges in Title III through the creation of a Challenge Grant program. This was a joint UNCF/Department of Education proposal to assist Black colleges in strengthening their abilities to raise funds from the private sector. The current Administration has issued many statements in support of Black colleges. It has referenced Title III to be a Black college support program. It has recognized the importance of Title III by increasing its funding for the explicit support of Black colleges.

The Challenge Grant program of Title III must be allowed to assist in the enhancement of the Development departments of participating instititions and for indirect endowment building. This would permit institutions to sustain, in the future, the responsibilities with which they are to be further burdened due to the inflation and increasing general operating costs.

Title III went through one of the most extensive reviews of its existence when it was substantially altered, with the passage of the Higher Education Act of 1965 as Amended in 1980. The development of this new legislation took about two years with oversight hearings. Title III has now been expanded to include a wider universe of institutions. Junior and community colleges now have a larger set-aside.

The United Negro College Fund at this time supports the current language of the Title III Act as agreed to by the higher education community.

The Department of Education recently produced its preliminary regulations for Title III and we believe that many sections of their proposed regulations fail to reflect the true intent of Congress.

I would like to point out those sections of the proposed regulations that we believe contravine the true intent of Congress:

### I. DESIGNATION OF ELIGIBILITY (VOL. 46, NO. 138, MON. JULY 20, 1981, P. 37471)

"Under the proposed regulations, the Secretary considers that an institution has a substantial percentage of Pell recipients if at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in that year . . . . ."

Title III funds must be focused on institutions with at least 45 percent Pell Grant recipients. During Congressional debate, the Congress defined what "Substantial Percentage" means. They determined that 45 percent would be the base number. Note: Cong. Rec.: June 23, 1980, p. S-7890.

### II. DESIGNATION OF ELIGIBILITY: SPECIAL NEEDS PROGRAM

The proposed regulations state an institution seeking designation must meet four tests. One of these tests requires that an "institution must enroll a substantial percentage of students who receive Pell Grants and a substantial percentage of students who receive assistance under the Campus Based Programs [SEOG, NDSL, and CW-S]." The proposed regulations then declare that "the Secretary considers that the institution has a substantial percentage of students receiving assitance under the Campus Based programs if at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for student financial assistance . . . ."

The base of eligibility should be students receiving financial assistance rather than students eligible.

### III. RESTRICTIONS ON THE USE OF FUNDS (P. 37478)

Under the proposed regulations, general operating and maintenance expenses are restricted. This language, which is not a part of the Education Amendments of 1980, is inconsistent with the pressing needs of small, developing institutions. The Senate recognized this when it reported that these institutions need general operating expenses. Due to small endowments, low tuition, and serving large numbers of the historically and economically disadvantaged students, these institutions face a special burden and require massive general and maintenance funding. This restriction should be removed.

### IV. LONG RANGE PLAN 624.22 (32)

Under the proposed rules, the Department attempts to force institutions out of Title III. This is clearly inconsistent to the law. The Department's regulations should adhere to the law requiring institutions to develop plans to increase their self-sufficiency.

### V. CHALLENGE GRANTS, SUBPART A, 627.1, P. 37481

Under the proposed regulations the Challenge Grant program is described as providing "Federal fianancial assistance as an incentive for eligible institutions of higher education to seek alternative sources of funding to become self-sufficient.

Challenge Grant funds should be permitted for indirect endowment building, similar to the rules under which the National Endowment for the Arts operates.

## VI. STRENGTHENING DEVELOPING INSTITUTIONS PROGRAMS (SDIP), P. 37471

The proposed rules prohibit current SDIP grantees from applying for Parts A and B. There is not any language in the law which mandates this prohibition.

## VII. TERMINAL GRANTS

Designation of funds for long-term terminal grants should not be used to force institutions out of Title III. Part A of Title III has two funding programs: 1-3 year and 4-7 year grants. Part B has a funding program for 1-5 years. The 4-7 year and 1-5 years are terminal grants and are the most heavily funded of all three programs. The program is simply to attract institutions to the Terminal Grants. But two problems arise:

1. Institutions with long-term needs beyond seven years will focus on one of the 1-3 year renewable grants while . . .

2. . . . those institutions who have 1-3 year needs will focus on the most lucrative 5-7 year programs, deleting funds that could be used for those institutions with long-term problems.

The United Negro College Fund, therefore, recommends that the regulations specify that the Secretary set a range (perhaps 25-35 percent) of funds designated for the longer development grants.

The United Negro College Fund believes that the primary purpose of the Title III program in its inception was to provide financial assistance for the historically black colleges and universities. Only to a partial extent has it succeeded in achieving this end. Because it is difficult to define the terms "developing" or "struggling" succinctly, the array of colleges and universities receiving Title III awards has become very broad. Larger and larger numbers of smaller colleges and universities serving a more middle-class student population are applying for and receiving grants under Title III. In addition, Congress has mandated junior and community colleges a guaranteed floor allocation of 24 percent of the assistance under Part A—Strengthening Institutions, and 30 percent of the assistance under Part B—Special Needs.

In addition, colleges and universities which provide educational services for Spanish-speaking and American Indian students have become eligible for Title III funds. Clearly, the program must have some targeting to remain effective. If the number of schools is expanded too much at the present level of funding, we are fearful that future grant sizes will diminish and so will program effectiveness.

The programs in Title III have worked. The United Negro College Fund wishes to enhance and strengthen the programs. In the past ten years, the average enrollment per UNCF institution has increased 7.8 percent, attributable to Title III, while the average enrollment at private four-year colleges nationally increased only 0.5 percent during the same period.

Within the same period, private black institutions have managed to restructure their curricula in the past decade to meet the newer distribution of job opportunities for blacks in the labor market. In 1978, almost one-fourth (23.3 percent) of degrees earned were in business administration, more than three times the 6.8 percent of graduates at our institutions receiving business degrees in 1968. Fifteen UNCF institutions offered and awarded degrees in the health profession, compared to only two in 1969.

Title III is an important companion program to the other student financial aid programs. The importance of funding higher education for the economically disadvantaged students and of funding institutions that serve these students cannot be over emphasized. Bringing into the mainstream of our society through higher education the sons and daughters of the poor, we strengthen the economic base of our nation. We utilize all available talents to serve and resolve problems in our nation. By expanding opportunities, we give hope and encouragement to many, who otherwise would be disinterested and disenfranchised.

The historically black colleges and universities are different. They emphasize supportive teaching programs for students who are generally poor and need a supportive environment to attain their full potential as productive, self-sufficient citizens. They offer an effective experience which nutures and motivates students to achieve. The historically black institutions are committed to teaching and often, especially in the private institutions, to creative and novel forms of remedial education. They provide access and opportunity for many who otherwise would not receive a college education.

The number of institutions both willing and able to produce college graduates out of such populations is limited and their value in creating upward mobility cannot be over-estimated. These are the places on which Title III should be focused.

Mr. **Blakey**. Next we will hear from Dr. Lyons.

## STATEMENT OF CHARLES A. LYONS, CHANCELLOR, FAYETTEVILLE STATE UNIVERSITY, FAYETTEVILLE, N.C.

Dr. **Lyons**. Thank you very much, Mr. Chairman. It is a pleasure to have the opportunity to appear before the subcommittee. My name is Charles Lyons, chancellor of Fayetteville State University. I also represent the National Association for Equal Opportunity in Higher Education, an association of 111 historically black colleges, enrolling some 200,000 students.

May I say, and I am not going to read my testimony, we have passed it in for the record. I will go over a portion of it and make some comments.

In many ways, we are the forgotten institutions of higher education in this country, in spite of the value we have been and continue to be as a national resource for carrying out the Federal policy of providing educational opportunity for all students who are qualified. The Congress, and especially this subcommittee, have been especially sensitive to the importance of Federal support for the policy of equal opportunity in this country where higher education is concerned.

In reference to title III, the Congress has found that, one, institutions of higher education with substantial percentages of students from low-income families are contributing to carrying out the Federal policy of providing educational opportunity for all students. Two, institutions of higher education enrolling substantial percentages of students from low-income families face unique burdens which prevent raising necessary financial resources to meet the ever-increasing cost of educating such students.

And further, part B of the legislation recognizes that institutions which enroll a large number of students from low-income families face a special burden. These institutions cannot raise their tuition levels to keep pace with inflation and increasing educational costs without driving many students away from the dream of a higher education. And yet these institutions provide a very real service to the Nation, for they keep the doors of higher education open to the poor.

These institutions do not need project grants. They need operating assistance. Part B would provide that assistance.

I cite that, Mr. Chairman, as a base, and these are the words of the Congress and not mine.

Now, let me say that I agree with what has been said by Dr. Ponder with regard to the basis of eligibility. I think the projection he has made in his paper with regard to the 45 percent, I think is correct. We have some real problem with what has been projected in the proposed notice for public rulemaking and we have some problems with what has been projected by the Department of Education on this particular point. We think that 45-percent rule is much more nearly what we ought to be dealing with.

The other point I would make is that we have some real concerns about some of the projections which show that at least 30 of the historically black colleges will be eliminated from the program. Now that seems to me to be totally inconsistent with the intent of Congress. It seems to be inconsistent with the President's Executive order with regard to the support for the historically black colleges. And we are pleased to see that the Department of Education is proposing a way to be sure that those 30 institutions get included under this legislation.

One concern that I would have and my association would have is that the remedy not be worse than that which we are trying to remedy. And that is that by getting the 30 in, you bring in with them 200 or 300 more institutions which tend to increase the universe of institutions substantially and dilute the money that is available for the institutions that are in the program.

I would say, finally, that with regard to self-sufficiency, we believe in self-sufficiency. It depends upon how you define it. I have some real concerns and problems, Mr. Chairman, with the definition of self-sufficiency as equated with graduation or termination from the program. If we are talking about viability and thriving, and the ability to do some things well for a group of low-income students, then I believe in self-sufficiency. But I have some problems with equating self-sufficiency with graduation or termination from the program.

Equal opportunity is a national policy, support for equal opportunity and higher education is a national policy in this country, historically supported by this Government. And I don't believe that we can graduate from our responsibilities of providing educational opportunity for low-income and needy students.

We are going to have the poor with us forever and I don't think that we can graduate from our responsibilities of meeting the needs of the poor.

Now, it doesn't have to be through title III, but it seems to me, the Government, if it is true to its commitment to higher education opportunity, we've got to have some mechanism to meet the needs of this group of students the same way as we commit ourselves to a land grant college system and commit the Government to the recent development activities of major universities in this country. These institutions don't graduate from those programs and I don't believe we should graduate.

Finally, Mr. Chairman, I would hope that under the special needs program that the black colleges and universities would not receive less than 100 percent of funding received by them in fiscal year 1979. I know that the legislation speaks in terms of 50 percent, but in line with what Dr. Ponder indicated about the history of this legislation, I believe that 100 percent of funding received in 1979 would be more nearly equitable according to our calculations.

Again, I appreciate the opportunity of appearing here this morning and presenting these remarks. I do have some remarks that I won't give this morning with regard to the impact of title III legislation on a given institution. If I may have the opportunity, I would like to prepare these remarks and submit them as a part of the record as proof positive and demonstrated evidence of what the title III money has done on one particular campus.

Mr. BLAKEY. We will keep the record open for at least 10 days for receipt of material in addition to your testimony, as well as in addition to any other testimony today.

Dr. LYONS. May I also say, Mr. Chairman, that I would hope that the National Association for Equal Opportunity in Higher Education would have an opportunity to be a part of that panel that Chairman Simon spoke of.

Mr. BLAKEY. It's fatter than a half-dozen right now. [Laughter.]

There is an obvious need and an obvious interest on the part of the people here today in participating in a resolution of this problem. We will make every effort to accommodate those who have indicated that they wish to participate on the committee.

Without objection, the full text of your remarks presented today will be made a part of the record of this hearing.

[The prepared statement of Charles Lyons follows:]

### PREPARED STATEMENT PRESENTED BY DR. CHARLES A. LYONS, CHANCELLOR, FAYETTEVILLE STATE UNIVERSITY, FAYETTEVILLE, N.C.

Mr. Chairman and members of the Subcommittee on Post Secondary Education, my name is Charles A. Lyons, and I am Chancellor of Fayetteville State University, Fayettevill, North Carolina.

I thank you for the opportunity to comment on the Department of Education's proposed regulations for Title III of the Higher Education Act of 1980, particularly with respect to eligibility criteria.

First, however, permit me to describe the historically black colleges and universities, which typify, I believe, the kinds of institutions Congress intended to assist in the Strengthening, Special Needs and Challenge Grant Programs of Title III. The plurality of the American population and the commensurate plurality of the educational needs of ths population led to the creation of the historically black colleges and universities, which at one time were the only source of higher education for Black Americans and which continute to serve a large number of black and non-black students with instructional programs to meet their specific needs.

Historically black colleges and universities have provided educational opportunities to people who otherwise would have been denied access in an environment characterized by opposition, legislated limitations, and a constant shortage of resources. The accomplishments of these institutions have far exceeded what should be expected as proportionate to the inputs.

The historically black colleges and universities have, by their existence, contributed to the strength of America's diversified higher educational system. The basic theme of democracy in higher education has given rise to the creation of many diverse kinds of institutions which provide vital educational opportunities to our pluralistic society. The President's Task Force on Education, in its report of August 1970, stated that:

> The diversity of American higher education is central to its strength. This diversity has grown from a tradition that encourages institutional initiative, creativity, self-determination, and autonomy. These characteristics are vital to the strength of our institutions and should explicitly be encouraged and strengthened by national policy.

Within this context of diversity, the historically black colleges and universities have made significant contributions to our nation. They have served as "opportunity colleges," providing education to thousands of able and deserving youths. If it were not for the black colleges and universities, which often provided education unavailable elsewhere, our nation would have suffered an incalculable loss. These institutions have also reached out beyond the boundaries of the campuses to provide much-needed services: adult education, agricultural extension programs, community service, and technical assistance to government agencies at all levels.

Despite the contributions made by these institutions to our nation, they appear to remain the somewhat forgotten sector of higher education when one examines the types and amounts of financial support received by them. Since historically black institutions do not benefit from the various nationwide fund-raising efforts or the major giving from individuals, foundations, and corporations, federal support assumes a larger and extremely important role in the overall range of support. The importance of federal support was apparent to the Congress when it stated in reference to Title III

> The Congress finds that—
>
> (1) Institutions of higher education with substantial percentages of students from low income families are contributin to carrying out the Federal policy of providing educational opportunities for all students who are qualified; and
>
> (2) Institutions of higher education enrolling substantial percentages of students from low income families face unique burdens which prevent raising necessary financial resources to meet the ever increasing cost of educating such students.

Further the report stated that:

> Part B of this proposed title recognizes that instituions which enroll a large number of students from low-income families face a special burden. These institutions cannot raise their tuition levels to keep pace with inflation and increasing educational costs without driving many students away from the dreams of a higher education. Yet, these institutions provide a very real service to the nation, for they keep the doors of higher education open to the poor. These institutions do not need project grants; they need general operating assistance. Part B would provide that assistance.

I am sympathetic with the concerns expressed by the Department of Education which form a basis of the proposed Amendments to Title III of the Higher Education Act. One concern is that "institutions that Congress presumably intended to benefit from the Title III programs will not qualify as eligible applicants. These include 30 or more historically black colleges.

The second concern expressed by the Department of Education is that "institutions do not generally collect data that must be used to determine institutional eligibility in the manner described in the law." To correct the second problem, a technical amendment would be introduced to strike out the phrase, "(determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve)," and by striking out the word "undergraduate" each time it appers in order that the computation of the full-time equivalent enrollment would be done in consonance with the diverse practices of institutions and would recognize that many institutions, in fact, do not separate undergraduate from graduate students in computing their FTE enrollment.

I have no objections to this technical amendment. I feel that it would clarify and simplify the implementation of the Title III legislation without changing its intent. I do have problems, however, with the proposed Notice for Public Rule Making (NPRM). My position is that an institution should have 45 percent of its enrollment (half-time and full-time students) receiving Pell Grants to be eligible to participate in the Strengthening Institutions Program. It should have 45 percent of its enrollment receiving Pell Grants or other campus-based student financial aid to qualify for participation in the Special Needs Program.

I am convinced that a 45 percent eligibility criterion would include in the eligibility pool not only most of the historically black colleges, which typically have 80 to 90 percent of their students on financial aid, but also large numbers of other institutions that serve low income and disadvantaged students. On the other hand, the 45 percent criterion is not so low that it would result in enlarging the eligibility pool so greatly that it would threaten the adequacy of funding of those that are truly needy. My position is that institutions should have 45 percent.

The base of eligibility should also be set as those students enrolled, rather than those students eligible for student assistance. Under the proposed regulations, a rich institution enrolling 10,000 students may have 1,000 students eligible for Pell Grants, of whom 350 actually receive grants; thus, this institution would be eligible for Title III and to compete with a small developing college of 1,000 students, 900 of whom are eligible for Pell grants, 800 or more of whom actually receive them. We repeat, the base should be the enrolled students. One would then compute the percentage of those who are eligible for, or actually receive, student assistance (Pell Grants for the Strengthening Institution's program and Pell Grants and other campus-based student aid for the Special Needs program).

May I also take this opportunity to comment on some additional points in the proposed Amendment which would eliminate the requirement that the average amount of the award should be high in comparison with the average amount of all grants awarded to students at comparable institutions. I am particularly grateful to the Department of Education for articulating and reinforcing President Reagan's commitment to the historically black colleges, and for alerting congress to the fact that, without modification, the current Title III legislation would make ineligible some 30 historically black colleges and thereby run counter to the spirit of President Reagan's Executive Order No. 12320.

The specific remedy proposed, however, which would presumably continue the eligibility of these historically black colleges, would concurrently bring into the eligibility pool several hundred additional institutions, many of which, I believe, have no history of serving substantial percentages of low-income students. Furthermore, such a dramatic increase in the size of the pool, with limited budget authorizations and appropriations for the program, would reduce the effectiveness of the program for all. One lesson our nation has learned—a lesson, I believe, which is a cornerstone of President Reagan's philosophy and policy—is that to attempt too much for too many will result in doing too little for too few who are truly needy. We propose, accordingly, that an alternative approach be sought to retain the eligibility of the historically black colleges currently in the program, and at the same time avoid the drastic enlargement of the eligibility pool. There are several approaches. One is to provide a waiver for the historically black colleges. Another is to grandfather these institutions in the program based upon their inclusion in the 1978-79 period.

I agree with the concept that self-sufficiency means viable and thriving. However, I object to the connotation that self-sufficiency should therefore be construed as being ineligible for future Title III funding.

I agree that the institutional aid programs should assist institutions in "solving problems that threaten their ability to survive and stabilizing their management and fiscal operations." I also agree that self-sufficiency could be interpreted as the ability of an institution to survive without Title III funds. This does not mean, however, that the institution would be without need of Title III or other types of federal assistance or that it would not be enhanced or further strengthened by Title III funds. The Regulation should require only that institutions move toward self sufficiency.

Finally, I would hope that under the Special Needs Program, Black colleges and universities would not receive less than 100 percent of funding received by them in fiscal year 1979.

Once again, thank you for the opportunity to appear before this subcommittee, and to express my concerns regarding the Title III regulations. I will be happy to answer any questions you may have.

Mr. BLAKEY. Dr. Oestreich.

## STATEMENT OF CHARLES H. OESTREICH, PRESIDENT, TEXAS LUTHERAN COLLEGE

Dr. OESTREICH. Thank you, Mr. Chairman. I also appreciate the opportunity to be here and present some views about title III. I have submitted the pages of testimony, which you have received. I will not read them.

Mr. BLAKEY. Without objection, the full text of your testimony will appear in the record of this hearing as though read.

Dr. OESTREICH. Let me do a brief summary. On page 1 of that testimony it says, among other things, that 55 relatively unknown, not well-known colleges, including my own, have benefited from small grants under title III.

Page 2 of that testimony says that we believe that large percentage set-asides create some inequities that should be addressed.

Page 3 of that testimony says, in part, we strongly support Senator Denton's amendments as proposed by the administration, which are being considered to get at some of the problems.

Page 4 of that testimony says that we strongly prefer that the 1979-80 data base be used. We think that that year reflects current economic conditions more fairly and supports the integrity of the middle-income assistance act which is already law.

On page 5 of the written testimony are highlighted a few things, that we think that the words "substantial percentage" in the regulations should be in the 25-percent range for reasons that have been given here and reasons which are cited. We think that this will provide a healthy level of competition for the funds and maintain most current institutions with at least an opportunity to apply.

I have a few additional comments related to some of the things that have been discussed here. I need to say that my next comment here is purely a personal opinion, not trying to speak on behalf of all of CIC or NAICU or anybody else. It just seems to me that if we want institutions to move more toward self-sufficiency that we should give some serious consideration to more small and medium-sized grants with perhaps a maximum grant going to an institution—again, I am expressing personal opinion here—in the $250,000 range. And I say that from analyzing our own development and strengthening as an institution and from looking at others, that's the way our particular church supports our kinds of colleges, Texas Lutheran, Dana College, Wartburg, institutions like that receive a level of support in that range based upon just their existence, based upon the number of students that they serve and based upon the number of minority students. For example, Texas Lutheran College receives approximately a $100 bonus from the American Lutheran Church for each minority student enrolled and that kind of pressure on us as administrators does move us toward self-sufficiency and is some kind of help for us.

And, finally, in conclusion, I would like to say that St. Mary's University, Incarnate Word College, Our Lady of the Lake, Texas Lutheran, and St. Edwards, probably most of you in here never heard of those institutions, are all located in the Austin/San Antonio area and by very rough estimates, I estimate that they will enroll 10,000 Mexican American students before 1990. I raise the question, Should those 10,000 Mexican American students be set aside and their institutions barred from support under title III by other set-asides?

Thank you.

[The prepared statement of Charles Oestreich follows:]

### Prepared Statement of Dr. Charles H. Oestreich, President, Texas Lutheran College, Accompanied by Dr. Thomas H. Englund, Executive Director, Small College Consortium on Behalf of the National Association of Independent Colleges and Universities; the Council of Independent Colleges; the Association of Catholic Colleges and Universities; and the National Association of Schools and Colleges of the United Methodist Church

Mr. Chairman and members of the subcommittee, my name is Charles Oestreich, and I am President of Texas Lutheran College. I am pleased to be able to appear before you this morning on behalf of the 851 colleges and universities, 43 state associations, and 28 special purpose associations which comprise the National Association of Independent Colleges and Universities (NAICU). I have the privilege of serving on the Board of Directors of one of those special purpose associations, the Council of Independent Colleges (formerly the Council for the Advancement of Small College) an organization which has a membership of more than 250 small, independent liberal arts institutions.

As President of Texas Lutheran College, I also speak to you from the perspective of an institution which, for six years, has been a member of the Small College Consortium, a project funded by Title III; for the past two years, Texas Lutheran has served as coordinating institution for the project.

Before getting to the heart of my testimony, I simply wish to go on record as saying that the Small College Consortium has demonstrated that even relatively small amounts of Title III funding, when effectively utilized, can have a significant impact on institutions. This project has served as many as 55 small, independent, four-year liberal arts colleges and has helped them improve various aspects of their operations. We hope Title III will always provide opportunity for consortial arrangements under which college personnel can interact with each other, share programs specifically designed to meet their needs, and benefit mutually from Title III funds.

NAICU institutions have participated in and benefited from the Title III program since its creation in 1965. For many of our institutions which do not have sizable endowments, the Title III grant has become a necessary source of revenue to help develop better programs of instruction and to reach the point of academic and financial viability. It is for this reason that we are so concerned about pending legislative and regulatory changes to the eligibility criteria. In our formal comments on the Notice of Proposed Rulemaking and in the statement which we filed for the Senate Education Subcommittee hearings held by Senator Denton on October 29, we reiterated our commitment to maintaining Title III eligibility for the largest possible pool of institutions. We have taken that position on the basis of a very firm belief that if program restrictions are imposed to severely limit the number of institutions eligible to compete for Title III funding, institutions with legitimate needs for such funding may be inadvertantly denied access to the program.

## POTENTIAL LEGISLATIVE CHANGES

To that end, we have traditionally opposed specific percentage set-asides in the authorizing legislation for particular types of institutions in order that the limited amount of funds appropriated by the Congress may remain available for competition among all types of institutions that may have need for those funds.

Prior to the enactment of the Education Amendments of 1980, all types of institutions had access to the competition for appropriated funds. Now, specific percentage set-asides are mandated for two-year institutions, to be used only for those types of institutions; if the set-aside funds are not awarded in any given year, they must be held in reserve for the same purpose until the next award cycle a year later. One possibility that arises is that if only a few two-year institutions qualify for funding under the set-aside, the result could be that very large awards would be made to a small number of institutions so that the set-aside monies would not have to be held over. Compounding that problem is the fact that, in the Education Amendments of 1980, Congress sought to assure historically and traditionally Black institutions that they would not suffer a loss in real dollar terms as a result of expanding eligibility. While that goal may be laudable, when combined with the percentage set-asides for two year colleges, it has resulted in just over $50 million of the $120 million appropriation really being available for competition among all other institutions, many of which may show greater need for funding than do some of the institutions covered by the percentage set-aside. If this subcommittee contemplates legislative changes to the authorizing statute, we urge you to look closely at the inequities created by (1) the legislated percentage set-asides, (2) the requirement that set-aside funds, if unused, be held over until the following year, and (3) the possibility that excessive awards could be made to a few institutions in order to avoid having set-aside funds held over.

With respect to other possible legislative changes to the authorizing statute, we have withheld comment on the four amendments offered by Senator Denton at the October 29 hearing until we could study the Administration's explanations and analysis which were presented at that hearing. We have reviewed Assistant Ecucation Secretary Melady's testimony and determined that the four amendments have merit in that they remove current restrictions from the eligibility criteria, without changing in any way the purposes of the Title III program. (The amendments, as we understand them, would remove the "higher than average award" portion of eligibility criteria from Parts A and B of the title, would permit the calculation of "full-time equivalents" in the manner currently in use at each institution, and would allow for inclusion of graduate students in the calculation of and institution's "E&G/FTE" in keeping with the manner in which virtually all colleges and universities do their budgeting and accounting). We have communicated our support to Senator Denton and urge you to support the changes with the House conferees on the FY 1982 Appropriations bill.

## POTENTIAL REGULATORY CHANGES

In keeping with our express intent to maintain eligibility to as large a pool of intitutions as possible, we have been very concerned with proposed eligibility criteria contained in the July 20 Notice of Proposed Rulemaking (NPRM).

We expressed our concern to the Department about the choice of "base year" to be used in calculating the institutional and student factors in the eligibility formulae. We urged the Secretary to select academic year 1979-80 as the base year to reflect the most current federal student aid funding picture as a result of the enactment and funding of the Middle Income Student Assistance Act in 1978. We are gratified that, as we understand the situation, the Secretary has now designated academic year 1979-80 as the base year.

Our second concern with the eligibility criteria contained in the NPRM dealt with the definition of the term "substantial percentage" in determining the student characteristic of the eligibility formulae. We have reviewed the Administration's analysis supporting its proposal of define "substantial percentage" as at least 35 percent of students who receive aid under certain specified need-based student assistance programs. We have analyzed the proposal both in terms of its effect on current Title III recipients that are independent institutions and in terms of overall access to the program by all types of institutions. Our statement to Senator Denton suggested that the 35-percent figure would limit eligibility to an estimated 772 colleges, while reducing the percentage to 25 would limit eligibility to an estimated 1041 institutions. In either case, eligibility for current participants would not be significantly restrained. Therefore, we would support setting the "substantial percentage" figure at either 25 or 35 percent or some number in between. We support the Department's analysis that setting the figure at a lower percentage would create too large a pool of potential applicants, and setting it at a higher level could place unreasonable restrictions on the number of eligible institutions.

Mr. Chairman, those are our principal legislative and regulatory concerns with the Title III program. However, as you are well aware from your deliberations on the Pell Grant Family Contribution Schedules, delays in implementaion of programs sometimes can create as much havoc for the intended program beneficiaries as statutory or regulatory. We believe the changes we have proposed or supported need to be made, but we urge you to act or not act swiftly so that the Department and the institutions can get on with the business of implementing this important program.

Again, let me thank you for the opportunity to testify today. Dr. Englund and I would be pleased to respond to any questions you or other members of the Subcommittee may have.

Mr. **BLAKEY**. Thank you. I will ask a few questions of the panel. First, I think the earlier panel made a suggestion and the administration referred to it and there was a great deal of discussion and debate about what substantial means, 25, 35, 45 percent. What would be your reaction to, in effect, reverting to what used to be a point system? In other words, schools with larger numbers of students with high-average Pell grants get more points and those with smaller numbers get less points? I will ask the members of the panel if you could comment on that.

Dr. **PONDER**. The first question I would raise I think has been raised this morning. Could we really get all of that clicking in time for us to get this going? And that gets to be one of those cures that is worse than the disease, even if it turns out to be good.

Now, apart from that, I think that that could be a back-off position. I would not run from that. It would be very good. We are in this now and this worked, it can work, and I think the problem with switching from one to another causes someone else to decide that it would be better if you did something else with it.

Now, I think if we switch from this 45 percent to something else, that's what's going to happen. And I think as my testimony, my written testimony will say, we've really kicked this around an awful lot of times and somehow we have to arrive at some of these things that work, and I think 45 percent will work. That's my feeling.

Mr. **BLAKEY**. Dr. Lyons.

Dr. **LYONS**. Well, we feel rather strongly about the 45 percent, Mr. Chairman, and we think it will work. We think there is a way of getting into the program those institutions that were truly intended by Congress to be in the program. We don't have any projected solution to that. We are not unalterably opposed to the point system. It has worked in the past. My only problem, my basic problem would be, how much time do we lose if we attempt to shift gears at this point?

There are many institutions right now that are waiting for some means of determining whether they are going to be able to apply and my institution is one of those. My grant runs out this year. And how much time are we going to have to put a proposal together and then have it read properly by people who really and truly understand and have a sensitivity to the type of institution they are dealing with and the kinds of proposals and plans they are dealing with.

So I would have that kind of concern and problem with it.

Mr. **Blakey**. Dr. Oestreich.

Dr. **Oestreich**. I can't comment on the complexity of all those regulations that would be affected. I am not that knowledgeable and wouldn't mislead you on all of that. I concur in what they said. I think it is important that we move in a timely fashion. Dr. Englund may be able to comment more on some of that.

Dr. **Englund**. I think one of the nice things about going back to the sliding scale is that you don't get the absolute in-or-out-by-a-slim-margin kind of thing that appears will happen with these new regulations. For example, if it is a 35 percent kind of thing, is an institution that is at 34.8 percent really going to be out? I think that is one of the problems with the sharp cutoffs in the current regulations.

On the other side of that coin is the sliding scales permit the BEOG scores or the Pell grant criteria and the E. & G. criteria to kind of offset each other and it does in fact, I think, give some equitable judgment about certain kinds of institutions.

So you might be a little bit out on one of those scales. The other one can help you. And you get institutional need versus characteristics of the student body offsetting each other.

One problem we have seen is that with those scales they seem to work against small institutions, particularly on the E. & G. variable, because of some of the fixed costs at any institution. But there, maybe the E. & G. waiver would help solve that problem. I personally don't think we have a problem with that and I think I could say that on behalf of the people we are representing.

Mr. **Blakey**. If I could ask you one other question. There has also been testimony this morning about planning and planning requirements. All three of you have addressed the question of self-sufficiency. It seems to me in the context of the regulation that there is an obvious relation in there in that they are asking you to demonstrate on the one hand how you are going to be self-sufficient by *x* period of time by virtue of that long-range plan, and then the Secretary is going to make a determination as to whether or not that plan is "acceptable," in one form or the other.

One, would you comment, if you can, on the relationship between the two, and I guess even more importantly—Dr. Lyons addressed it forthrightly—maybe the other two could as well, as to whether or not you think as long as the service continues, as long as you are continuing to serve the kind of students that are used to identify the institutions, should the institutions stay in the program or should they in fact "graduate?"

Dr. **Ponder**. Thank you very much, Mr. Chairman. I don't believe any institution of higher education would object to planning. I don't believe that. I think the problem here is planning for your graduation from a program gets to be something that is a little difficult. I know by nature, by definition, we are developing institutions. That's why we are in the program to begin with. Now you want to ask me to look down the road and say, 5, 10, 7 years I believe is the maximum here, I would have reached the point where I will not need any more support from the Government in this program.

I think that's really not addressing the problem from that standpoint because schools do not graduate from need, they graduate from one level of need to a higher level of need. Whatever institution you can think of, today's budget is more than 10 years ago, and it is because they are constantly doing new things. Twenty years ago we didn't know what the computer area was and now it is one of the most expensive areas we have, yet we have to train for it.

So you cannot graduate from it. My colleague Dr. Lyons mentioned the land-grant program. No one is talking about graduating schools out of the land-grant program. There is a need there. We have youngsters that are coming to us that need help and that's what these programs are designed to do.

So I think planning is great. We will do it. And all of us would agree with that. But planning to graduate from a program, I think someone started talking about that in a context that they really did not understand what was going on and that has crept into the discussions and I hope it never gets into the legislation.

Mr. **Blakey**. Dr. Lyons, do you want to add anything to your earlier statement?

Dr. **Lyons**. Yes; I'd like to comment on planning. I think planning is a good thing. But I see planning in the context that we are dealing with as a management tool, rather than planning to separate from the program. One of the things that I will address in my extended remarks, which I will present later, is the whole area of planning and what we have done in this area, and how effective it has been for us at that institution to make decisions and to manage that institution better. So I see planning as a management tool.

One of the problems I have with what appears to be one of the requirements in the proposed regs is that if you go for the long-range grant of 7 years that you will have to do a 7-year plan. The problem I would have with that, as an institution that is part of a State system that has us on a 5-year planning cycle, from 1980 to 1985, plans that I have just completed, it would require us now to go back and do an additional couple of years, probably redo the whole planning cycle. I would have a problem with that.

I don't see planning in this context as one where you are planning to terminate yourself from this program.

Mr. **Blakey**. Thank you. Dr. Oestreich.

Dr. **Oestreich**. I agree with much of what the gentlemen have said here. I think so far as the planning documents and the paperwork that are being called in, it is way too much. I wish someone would put a limit on the number of pages that they are allowed to submit and make it be a small one.

I taught chemistry for 10 years and the students were required to answer the questions on the paper provided and I didn't need glasses at that time and didn't want to have to buy any to read it. And I think the same kind of guidance would be good and helpful to all of us that have personnel working on this.

I don't think that institutions will graduate either. I think that they will move from one plateau to another and those institutions that make a real commitment to serve economically disadvantaged people will probably continue to be under real economic constraints. I think I have a license to say some of that. I think Texas Lutheran College and the 50-some Lutheran colleges in the Nation are serving a greater percentage of economically disadvantaged students than the rest of them. We have made that commitment. We have kept our tuition low. And so we will continue to have economic difficulties and appreciate assistance from any source in providing quality education for them.

Ms. VANCE. I have a few comments that I would like to make and questions I would like to raise, based primarily on Dr. Ponder's testimony. Dr. Ponder, on page 3 of your testimony, you talk—under point No. 1—about the designation of eligibility. For the record, I would just like to comment that the colloquy on the Senate floor certainly was something that did take place, and yet was not a reflection of House sentiment on the percentage factor. During the reauthorization of the Higher Education Act, which began at the very early part of the 96th Congress, the House Subcommittee on Postsecondary Education conducted over 35 days of hearings.

The first couple of days that were conducted were devoted to title III. And it was during those hearings that we began to review different proposals regarding the reauthorization of title III. My point in mentioning this is that, from the very first part of the 96th Congress, through to the end, we were trying very desperately to get good, solid statistical data from the Department of Education, then the Office of Education, as to how these different proposals would affect different institutions.

And I think it is important to note for the record that the statistical data that we sought over that period of 2 years, arrived in somewhat a preliminary form during the evening of one of the last nights the conferees met to resolve the differences between the House and Senate bill on the whole Higher Education Act. My point is, it is very difficult to determine congressional intent as to the definition of substantial percentage when after 2 years' time we were unable to get any good quality data.

At the staff level, both House and Senate staffs were aware of a great discrepancy in statistical data which made arriving at a statistical percentage difficult. It was certainly the informed judgment of House and Senate staffers that any specified percentage was merely a best guess effort.

So it is not surprising to me that, given perhaps the inadequate data that was provided to us at the close of the 1980 conference, it is a little difficult now for the present administration to handle implementing this program.

My point in saying this is that the record can show that there was no data available and if we tightened the eligibility requirement too much it was largely the fact that we were not good guessers.

The other issue I would like to bring up, on page 6 of your testimony, you talk about the need that the regulations target 25 to 35 percent of the funds for longer development grants. With regard to part A of the program, section 347(d) of the act requires the Secretary to set aside 25 percent of the part A funds for the long-term development grants. So your recommendation, in fact, has been taken care of by statute. The purpose for doing that, as I remember, was an attempt to sweeten the pot of the long-term development grants. If institutional grantees were not ready to take the risk or the gamble of jumping into a 4- to 7-year grant, one-time grant, resulting in an applicability pool that was not sufficiently large to warrant all the funds, the funds would be able to be maintained in the program for later use, instead of returning those funds to the Treasury.

So I think in part we've addressed some of your concerns and I would appreciate a comment from you if I have incorrectly read your statement, but these were the concerns I had after I read it.

Dr. PONDER. You read my statement correctly. But I will say you really highlighted why this bill keeps coming up for so much discussion. We all have different interpretations of what the intent of Congress was at the time. For example, I specifically believe that the intent of Congress when this bill came up in 1965 was for it to be for black institutions. You can get no one to make that statement now. Now you are talking about another discussion that we had where you are saying the 45 percent is not necessarily it. I don't know whether it was or not. I'm just one of those little country boys that believes what he reads in the Congressional Record and it is there. I pick it out as a direct quote, that it is there. Now, what the intent was, I have to leave that to you because you were present. But for all of us who are reading it, we say that Congress defined what substantial percentage was. That is the way I would interpret that statement.

You would say that this Government could not provide the kind of data that was necessary to make this kind of a decision. I have confidence in my Government also and I believe it can give you any information that you need to make any decision that you need.

Ms. VANCE. We had that hope, too.

Dr. PONDER. But they didn't, and again, I am just a country boy. That's all I know. That this Government can do that if it wishes.

Now, you tell me that it didn't. Now, I have to take what you say and say that I am willing to accept the 45 percent as a substantial percentage. My interpretation would be that anything less than that is not substantial. When you start dropping too far below 50 percent on anything, it cannot be substantial.

In the American system of saying things, anything substantial usually is more than 50 percent, and I can conceive that 45 percent, we can go there, but when you start dropping below that, you have to say, there is no way you can define that a substantial distance from here to the Capitol Building, from here to the Capitol Building, is outside that door. That's not a substantial distance. So we must be a percentage somewhere close.

Ms. VANCE. Thank you. One other question I would have on the planning issue, for any of the panelists, and that is, Would there be any objection to the planning requirement for a long-term grant if there was the ability to revise the plan so that you weren't tied to whatever requirements you might have suggested for a 4- to 7-year grant?

Would that alleviate your concern sufficiently?

Dr. LYONS. If I understand your question correctly, I think the planning requirement would need to bear some relationship to some other requirements that we have in our own State situations, especially if we are part of State systems. As I say, we have a 5-year planning cycle in our system and we are required to do a 5-year plan. We have done one.

Now, if there was some way that we could coordinate the planning requirement for the long-term grant with the requirements of the systems that we may be a part of, I think it would be meaningful to the institutions. And then, again, I'm not altogether sure right now of what all would be included in the planning requirement. Are we really talking about an in-depth long-range plan such as we are required to do in the State system or are you talking about a much smaller effort on our part, to cover whatever time period we are talking about? I think that needs to be defined.

Ms. VANCE. Dr. Englund.

Dr. ENGLUND. I think one of the problems is that the proposed regulations do invite planning by formula. There is a grocery list of items there in the regulation that must be in your long-range plan. And it essentially requires, not just invites, an institution to take the documents that it has, and make them fit. We talked about ghostwriters this morning and that is another opportunity for outside people to get on the title III bandwagon and to profit from it by helping institutions meet that requirement.

Maybe instead of requiring the institution to submit their entire long-range plan for the next 5 or 7 years, what ought to be required is some kind of demonstration, how the activity that is requested is linked to the long-range plan.

There may be a subtle difference but an important one. If I am asking for a faculty development program, or a management information system, or a package of student services, somehow or other in the application, we demonstrate that those are priorities for our institution in relation to some existing long-range plan.

I hope that is not a distinction without a difference.

Ms. VANCE. Thank you.

Mr. BLAKEY. If I get the drift of both of your latter two responses, in your case, Dr. Lyons, the plan has already been submitted to the Carolina system?

Dr. LYONS. Right.

Mr. BLAKEY. If we were simply, through these regulations, asking you to submit that plan in connection with your request and, as Dr. Englund is indicating, relate the two, the grant application and your plan, that would be preferable to requiring you to go back to square 1 and draft a whole new plan for purposes of submission for this application. That would basically incorporate both of your suggestions and overcome at least part of the paperwork problem that Dr. Oestreich referred to.

Dr. LYONS. Yes. I think that would be satisfactory.

Mr. BLAKEY. Let me again say very quietly, thank you for being with us today. We appreciate your taking the time. All of you have come from a considerable distance to be with us. We appreciate your comments and providing the subcommittee with this testimony.

We will go now to our last two witnesses, Dr. William Stewart, president of Kirkwood Community College and chairman of the board of the action consortium; and Dr. Zuniga of the East Los Angeles Community College and on behalf of the Hispanic Higher Education Coalition.

If you would both come up at this time?

I would like to say, and I think I can say this on behalf of the chairman, that Dr. Stewart has been in the forefront of the effort to bring some sense to our consideration of the proposed title III regulations as well as the Department's consideration of these regulations. We certainly appreciate your having gone out of your way to be helpful to us in the context of these discussions.

Your statement will be included in the record in its entirety.

## STATEMENT OF WILLIAM F. STEWART, PRESIDENT, KIRKWOOD COMMUNITY COLLEGE, AND CHAIRMAN OF THE BOARD, ACCTION CONSORTIUM

Dr. STEWART. Thank you Mr. Chairman and members of the subcommittee.

I am here today as a community college president to express my specific concerns with the proposed regulations for the title III program, as they appeared in the Federal Register on July 20, 1981. As chairman of the board of directors of the ACCTion Consortium, I also speak for the 200 2-year colleges that the consortium has helped during the last 6 years. It is good to note that many of those institutions have graduated from title III. People talk about no one ever graduating. That is not true. We have helped many colleges through our consortium who have completed projects and are out on their own.

At this point I am going to depart from my prepared testimony that we will make part of the record here to say some things about cooperative arrangements that have not been covered today that I think are very, very critical to be heard.

Our major concern is that cooperative arrangements are being completely discouraged in the proposed regulations, when the legislation states they should be encouraged and in some cases given priority.

First, the point should be made that title III does not have, nor will it ever have, enough money to fund individual grants to all of the 2-year colleges that need title III assistance. Cooperative arrangements are one way to help many of these colleges.

Second, there does not appear to be any emperical evidence over the last 15 years of title III to support the idea that an individual college grant will create more or better results than assistance through a cooperative arrangement.

The ACCTion Consortium has been very successful as documented in our third-party evaluations. All these evaluations are on file in the title III office. Title III staff have also said that ACCTion is one of their most successful projects. ACCTion was one of the top 60 projects selected by title III to work on submissions to the Joint Dissemination Review Panel and the National Defusion Network.

These success stories are all available if anyone would like to see copies. ACCTion is only one example of cooperative arrangements funded by title III. The Council of Inter-Institutional Leadership can document many more case studies which show that title III funds were used to start cooperative arrangements that have graduated from the program. This council works with approximately 140 cooperative arrangements across the United States, not all under title III by any means. I recommend that Lewis Patterson, executive director of CIL, be allowed to submit written comments to the record that will document these facts.

Naturally we all question why title III is discouraging cooperative arrangements. And among our questions, is it the intent of Congress to discourage cooperative arrangements?

Some of the proposed regulations that discourage cooperative agreements, as we see them at this time under part A, in the strengthened program, the 4- to 7-year projects, they call long-term colleges, only have one chance at long-term projects so they will go for an individual grant over a cooperative arrangement. It is implicit there that they will do that rather than seeking any kind of a cooperative arrangement, although that might be by far the most cost- effective approach to go with the money that is available.

Title III plans to be 80 to 90 percent of the $60 million for Part A into 4- to 7-year projects. The legislation only calls for 25 percent.

If the funds allocated to 4- to 7-year projects are not spent, the balance will be carried over to the next year, for 4- to 7-year projects, and the balance will not go to the 1- to 3-year projects under which most consortium arrangements would be funded.

Under the 1- to 3-year projects, if only 10 to 20 percent of part A funds are available for short-term, very few cooperative arrangements will be funded if any at all, plus some of this money will go for planning grants.

Under part B, the special needs program, the 1- to 5-year projects, title III has defined these grants as long-term. Colleges eligible for Part B have no short-term options so they can only receive long-term grants. They will all go for an individual college grant over cooperative arrangements. No one is going to choose a cooperative arrangement over an individual grant, the way we see it.

Legislation refers to part B as a short-term Federal assistance program so in title III to call it long-term, we don't understand that.

We have in addition prepared a point system that follows the intent of Congress, in our opinion. We believe the system needs to be reviewed by the subcommittee to determine if it does meet the congressional intent concerning weight factors. We would recommend that the subcommittee ask title III staff why the system that we have prepared, and I will submit in the testimony today, could not be followed to help that one particular part of the discussion today.

Also, we think our system would not require any legislative amendments. This is a regulation problem in our opinion.

We have a few things—and I am not going rehash the testimony—there are some problems that we think need to be addressed. Regarding the question of the eligibility criteria for part A and B, each part A and B, has three specific criteria as mandated by the legislation. I am not here to question the legislative mandate; rather, I am here to question the Department of Education's interpretation of that mandate.

I would hope that this subcommittee will require the title III staff to respond, both verbally and in writing, to every one of these concerns. Each point is critical to the future of this program as it relates to 2-year colleges.

I will wind down. We have a listing of some key areas which you need to look at and you need to get the answers to. I would submit the rest of this as written testimony to be considered by the subcommittee.

Mr. **Blakey**. It will appear in the record in full.

[Material submitted by William Stewart follows:]

## PREPARED STATEMENT OF WILLIAM F. STEWART, PRESIDENT, KIRKWOOD COMMUNITY COLLEGE, CEDAR RAPIDS, IOWA

Thank you, Mr. Chairman, and members of the Subcommittee.

I am here today as a community college President, to express my specific concerns with the proposed regulations for the Title III program, as they appeared in the Federal Register on July 20, 1981. As Chairman of the Board of Directors of the ACCTion Consortium, I also speak for the 200 two-year colleges that the Consortium has helped during the last six years.

Let me start by saying that my staffs at Kirkwood and ACCTion have researched every document available concerning the legislative history of the Title III Program. They have read and reread many times the hearing transcripts, committee reports, Congressional records, and conference committee reports, to try to understand the Congressional intent of Title III. We have compared this history very closely to the proposed regulations and have found many inconsistencies. These inconsistencies were brought to the attention of the Title III Office and the Congress in my letter dated September 1st, 1981. I ask that this letter and attachments be made a part of the record of this hearing. This material expresses our concern about the following:

- The eligibility criteria problem.
- The problem with referring to Part B as long-term.
- Institutional long-range planning requirements.
- The unfairness in using 1978-79 as the base year.
- The seeming prejudice against consortia.
- The over-emphasis on self-sufficiency.

I would hope that this Subcommittee will require the Title III staff to respond, both verbally and in writing, to every one of these concerns. Each point is critical to the future of this program as it relates to two-year colleges.

Today, I wish to address just one of these concerns--the question of the eligibility criteria for Part A and B.

Each part--A and B--has three specific criteria as mandated by the legislation. I am not here to question the legislative mandate; rather, I am here to question the Department of Education's interpretation of that mandate.

Trying to understand what the Department is proposing has been very frustrating. The data presented in the Federal Register have been insufficient to allow any college in America to clearly determine if it is eligible. The Department has had almost two years to develop these regulations, yet the information supplied is skeletal at best. Kirkwood and ACCTion have continually requested specific figures from the Title III Office concerning average Pell grants and average E and G expenditures per FTE for two-year colleges. The response is always the same--they are not ready to release that information at this time.

It should come as no surprise to anyone that without this information it is impossible to determine with accuracy the total impact these proposed regulations will have on two-year colleges. However, we have been able to sample one group of over 100 presently eligible two-year colleges from forty states. The 35% factor on Pell enrollments under Part A, Title III, will prohibit 95% of those colleges from competing. Remember, all of these colleges have been eligible for Title III in the past. In addition, the proposed regulations will eliminate every two-year college in Iowa, and probably in numerous other states.

The "substantial percentage" factor has raised many questions. Historically, two-year public colleges usually have a lower percentage of students on financial aid. That percentage is even lower if no dormitories exist--not because institutions aren't as needy, but because student costs are substantially lower. "Substantial" for four-year colleges is not "substantial" for two-year colleges. A "substantial percentage" for two-year public colleges may not be a "substantial percentage" for two-year private colleges, and a "substantial percentage" for high tuition, room and board, institutions certainly is not a "substantial percentage" for low tuition, commuter colleges.

Even more questionable, is the position taken by the Title III staff that a specific percentage must be established and that every college must exceed this percentage, or they will not qualify. For example, if 35% is established as the minimum requirement for simply being eligible to submit an application, every institution with 34.9% or lower, would not qualify under any circumstances. All other criteria would be ignored.

The Department has taken the same position on the other factors: (2) available Pell grant awards, and (3) average E & G expenditures per FTE. (Legislation does allow a waiver for not being below the average E and G expenditures per FTE.) Nowhere in the legislation does Congress lead anyone to believe that the intent was to require colleges to exceed a specific figure for each factor.

The legislation on eligibility reads as follows:

> Factor 1 - "...has an enrollment which includes a substantial percentage of students receiving awards..."
>
> Factor 2 - "...the average amount of which is high in comparison..."
>
> Factor 3 - "...the average E and G expenditures which are low in comparison..."

This legislative language, combined with the legislative mandate that the substantial percentage factor and average Pell grant award should be given twice the weight as the average E and G per FTE under Part A, and given the same weight under Part B, leads us to believe that Congress envisioned a scaled point system to determine eligibility--a point system very similar to what has been used in the past.

These concerns have been presented to the Title III staff, both verbally and in writing. The basic response is always the same. The staff has said that Congress did not realize the impact of what they were doing when they included the weight factors; and even if they did know, it can't be done anyway.

We disagree. It can be done and with very little effort. To show how the system could work, we have drafted an alternative approach to eligibility for Part A and B. The number of points needed to be eligible would depend on the national averages on a given group.

For example, assume under Part A that the national averages for two-year public community colleges without dorms, were as follows:

| | | |
|---|---|---|
| Factor 1 | 20% | Receives 20 points |
| Factor 2 | $ 610.00 | Receives 50 points |
| Factor 3 | $2,000.00 | Receives 50 points |
| | Total | 120 points. |

To be above national averages in comparison to other similar colleges, in our example, a college must have at least 120 points. It does not matter if a college receives 20 points on Factor 1, and 50 points each on Factors 2 and 3. The college would have 120 total points and would, therefore, be eligible. Keep in mind that the college would only become eligible to compete, that is, to submit an application. This is simply an example of one approach. The points would be adjusted up or down, depending on the institutional group in question.

In addition, we do not believe two-year public colleges with dorms should be compared to two-year public colleges without dorms, when averaging Pell awards. Students attending two-year community colleges without dorms, cannot exceed the $1,000 Pell allowance for room and board. Students attending two-year colleges with dorms, can include the total cost charged by the college for room and board. This tuition, room and board Pell grant is always greater than the $1,000 limit for community colleges. The result is to create a situation where the overwhelming majority of community colleges are disqualified before they start--regardless of their developing status.

The attached documents discuss in greater detail each eligibility factor for Part A and B. We also offer a complete rewrite of the eligibility regulations for each part. We believe our proposals follow the Constitutional intent of the Title III legislation more closely. In some cases we have not been able to complete charts because we did not have access to the national averages that the Title III Office will be proposing. We would be most happy to complete these charts as soon as these figures are released.

In closing, I want to offer Kirkwood's and ACCTion's assistance to the Subcommittee staff and Title III staff in the continual development of these regulations. The Title III program has done much to help two-year colleges during the past two years. We are all looking forward to continued assistance in the coming years. We are pleased that Congress has chosen not only to earmark money for two-year colleges, but to open up the entire program to our institutions as well. The job at hand is to help the Department develop regulations to achieve your goal.

Part A - Strengthening Institutions Program

Suggested Rewrite for Sec. 625.2 Designation of Eligibility

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Strengthening Program if---

(1) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2;

(2)(i) It has an enrollment which includes a substantial percentage of students receiving Pell Grants in the base year. The Secretary assigns points to the institution on a scale of 0-100 points on the basis of the number of Pell Grant recipients divided by the number of students eligible to apply for Pell Grants and who were enrolled on at least a half time basis. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(ii) The average Pell Grant received by its students in the base year was high in comparision with the average Pell Grant received by students at comparable institutions in that year. The Secretary assigns points to the institution on a scale of 0-100 points. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(3) It has an average educational and general (E&G) expenditure per full-time equivalent (FTE) undergraduate student in the base year that was low when compared to the average at institutions that offer similar instruction. The Secretary assigns 0-100 points to the institution reflecting the institution's position on the percentile scale when compared to the same averages of all other institutions that offer similar instruction.

(b) In determining institutional eligibility, the Secretary gives the factors described in paragraphs (a)(2)(i) and (ii) of this section twice the weight of the factor described in paragraph (a)(3) of this section. The following chart illustrates how the Secretary assigns points for the above factors:

| Percentile Rank | (a)(2)(i) | (a)(2)(ii) | (a)(3) |
|---|---|---|---|
| 99.5 | 100 | 100 | 0 |
| 99 | 98 | 98 | 1 |
| 98 | 96 | 96 | 2 |
| -- | -- | -- | - |
| -- | -- | -- | - |
| 2 | 4 | 4 | 98 |
| 1 | 2 | 2 | 99 |
| 0 | 0 | 0 | 100 |

(c) In order to be designated an eligibile institution an applicant must score a combined total of points (all three factors) according to the institutions classification as listed below:

2-year public without dorms ____points
2-year public with dorms ____points
2-year private ____points
4-year public ____points
4-year private ____points

To assist institutions in determining eligibility the Secretary included the following three tables:

### Part A - Strengthening Institutions

### Points for Substantial Percentage of Pell Recipients

Based on 79-80 Data

| Points | Percentages | Points | Percentages |
|---|---|---|---|
| 0 | 0 | 50 | 50 |
| 1 | 1 | 51 | 51 |
| 2 | 2 | 52 | 52 |
| 3 | 3 | 53 | 53 |
| 4 | 4 | 54 | 54 |
| 5 | 5 | 55 | 55 |
| 6 | 6 | 56 | 56 |
| 7 | 7 | 57 | 57 |
| 8 | 8 | 58 | 58 |
| 9 | 9 | 59 | 59 |
| 10 | 10 | 60 | 60 |
| 11 | 11 | 61 | 61 |
| 12 | 12 | 62 | 62 |
| 13 | 13 | 63 | 63 |
| 14 | 14 | 64 | 64 |
| 15 | 15 | 65 | 65 |
| 16 | 16 | 66 | 66 |
| 17 | 17 | 67 | 67 |
| 18 | 18 | 68 | 68 |
| 19 | 19 | 69 | 69 |
| 20 | 20 | 70 | 70 |
| 21 | 21 | 71 | 71 |
| 22 | 22 | 72 | 72 |
| 23 | 23 | 73 | 73 |
| 24 | 24 | 74 | 74 |
| 25 | 25 | 75 | 75 |
| 26 | 26 | 76 | 76 |
| 27 | 27 | 77 | 77 |
| 28 | 28 | 78 | 78 |
| 29 | 29 | 79 | 79 |
| 30 | 30 | 80 | 80 |
| 31 | 31 | 81 | 81 |
| 32 | 32 | 82 | 82 |
| 33 | 33 | 83 | 83 |
| 34 | 34 | 84 | 84 |
| 35 | 35 | 85 | 85 |
| 36 | 36 | 86 | 86 |
| 37 | 37 | 87 | 87 |
| 38 | 38 | 88 | 88 |
| 39 | 39 | 89 | 89 |
| 40 | 40 | 90 | 90 |
| 41 | 41 | 91 | 91 |
| 42 | 42 | 92 | 92 |
| 43 | 43 | 93 | 93 |
| 44 | 44 | 94 | 94 |
| 45 | 45 | 95 | 95 |
| 46 | 46 | 96 | 96 |
| 47 | 47 | 97 | 97 |
| 48 | 48 | 98 | 98 |
| 49 | 49 | 99 | 99 |
|  |  | 100 | 100 |

Note: The substantial percentage figure for each classification of institution will have to be determined.

Part A - Strengthening Institutions

Points for Average Pell Grant Awards

Based on 79-80 Data

| Points | 2-year public colleges | | 2-year private colleges |
|---|---|---|---|
| | Without dorms | With dorms | |
| 0 | | | |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
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| 50 | | | |
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| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| 97 | | | |
| 98 | | | |
| 99 | | | |
| 100 | | | |

Note: The national averages for each classification of institution will have to be determined. The national averages should be given 50 points.

Part A - Strengthening Institutions
This chart is not based on 79-80 data---it is used for illustrative purposes only.

Points for E&G Expenditures per FTE Student

| Points | 2-Year Colleges | | 4-Year Colleges | | Points | 2-Year Colleges | | 4-Year Colleges | |
|---|---|---|---|---|---|---|---|---|---|
| | Public | Private | Public | Private | | Public | Private | Public | Private |
| 0 | $14202+ | $21830+ | $32945+ | $29364+ | 50 | $2557-2574 | $2625-2641 | $5065-5160 | $6236-6246 |
| 1 | 7741-14201 | 13654-21829 | 29746-32944 | 27140-29363 | 51 | 2530-2556 | 2597-2624 | 5051-5064 | 6222-6235 |
| 2 | 6150-7740 | 7659-13653 | 13262-29745 | 22191-27139 | 52 | 2514-2529 | 2547-2596 | 4936-5050 | 6155-6221 |
| 3 | 5604-6149 | 7577-7658 | 12174-13261 | 22265-22190 | 53 | 2503-2513 | 2507-2546 | 4825-4935 | 6115-6154 |
| 4 | 4949-5603 | 6557-7576 | 11824-12173 | 21938-22264 | 54 | 2481-2502 | 2422-2506 | 4727-4824 | 6035-6114 |
| 5 | 4465-4948 | 6272-6556 | 10271-11823 | 19625-21937 | 55 | 2460-2480 | 2384-2421 | 4690-4726 | 5917-6034 |
| 6 | 4322-4464 | 5955-6271 | 10197-10270 | 19372-19624 | 56 | 2439-2459 | 2346-2383 | 4547-4689 | 5880-5916 |
| 7 | 4208-4357 | 5726-5954 | 9510-10196 | 19119-19371 | 57 | 2422-2438 | 2316-2345 | 4527-4546 | 5766-5879 |
| 8 | 4076-4207 | 5526-5725 | 8641-9509 | 18321-19118 | 58 | 2410-2421 | 2298-2315 | 4431-4526 | 5752-5765 |
| 9 | 3991-4075 | 5159-5525 | 8458-8640 | 17565-18320 | 59 | 2394-2409 | 2278-2297 | 4388-4430 | 5305-5751 |
| 10 | 3926-3990 | 4965-5158 | 8437-8457 | 17917-17564 | 60 | 2382-2393 | 2252-2277 | 4344-4387 | 5212-5304 |
| 11 | 3846-3925 | 4831-4964 | 8152-8436 | 17269-17916 | 61 | 2357-2381 | 2239-2251 | 4301-4343 | 5119-5211 |
| 12 | 3754-3845 | 4747-4830 | 8056-8151 | 14735-17268 | 62 | 2340-2356 | 2220-2238 | 4294-4300 | 5030-5118 |
| 13 | 3668-3753 | 4707-4746 | 8022-8055 | 14494-14734 | 63 | 2322-2339 | 2213-2219 | 4240-4293 | 5024-5029 |
| 14 | 3612-3667 | 4670-4706 | 7994-8021 | 14254-14493 | 64 | 2307-2321 | 2160-2212 | 4163-4239 | 5018-5023 |
| 15 | 3535-3611 | 4597-4669 | 7649-7993 | 14183-14253 | 65 | 2293-2306 | 2142-2159 | 4153-4162 | 4796-5017 |
| 16 | 3453-3534 | 4409-4596 | 7566-7648 | 14237-14182 | 66 | 2279-2292 | 2132-2141 | 4140-4152 | 4694-4795 |
| 17 | 3417-3452 | 4329-4408 | 7417-7565 | 14074-14236 | 67 | 2262-2278 | 2105-2131 | 4004-4139 | 4650-4693 |
| 18 | 3343-3416 | 4325-4328 | 7318-7416 | 13564-14073 | 68 | 2250-2261 | 2095-2104 | 3975-4003 | 4596-4649 |
| 19 | 3329-3342 | 4256-4324 | 7220-7317 | 13116-13563 | 69 | 2230-22[illegible] | 2082-2094 | 3957-3974 | 4535-4595 |
| 20 | 3305-3328 | 4187-4255 | 7087-7219 | 12590-13115 | 70 | 2212-22[illegible] | 2060-2081 | 3927-3956 | 4491-4534 |
| 21 | 3254-3304 | 4167-4186 | 7046-7086 | 12564-12589 | 71 | 2197-2211 | 2012-2059 | 3906-3926 | 4448-4490 |
| 22 | 3206-3253 | 4100-4166 | 6963-7045 | 12140-12563 | 72 | 2182-2196 | 1978-2011 | 3897-3905 | 4416-4447 |
| 23 | 3184-3205 | 4063-4099 | 6959-6962 | 12098-12139 | 73 | 2172-2181 | 1921-1977 | 3779-3896 | 4398-4415 |
| 24 | 3152-3183 | 4061-4062 | 6832-6958 | 11756-12097 | 74 | 2161-2171 | 1896-1920 | 3756-3778 | 4337-4397 |
| 25 | 3134-3151 | 3865-4060 | 6755-6831 | 11677-11755 | 75 | 2135-2160 | 1846-1895 | 3730-3755 | 4278-4336 |
| 26 | 3112-3133 | 3781-3864 | 6740-6754 | 11565-11676 | 76 | 2108-2134 | 1758-1845 | 3680-3729 | 4231-4277 |
| 27 | 3072-3111 | 3760-3780 | 6738-6739 | 11454-11564 | 77 | 2093-2107 | 1738-1757 | 3652-3679 | 4208-4230 |
| 28 | 3043-3071 | 3756-3759 | 6675-6737 | 11305-11453 | 78 | 2072-2092 | 1708-1737 | 3593-3651 | 4186-4207 |
| 29 | 3000-3042 | 3666-3755 | 6524-6674 | 11304-11304 | 79 | 2056-2071 | 1688-1707 | 3558-3592 | 4029-4185 |
| 30 | 2989-2999 | 3545-3665 | 6486-6523 | 11287-11303 | 80 | 2035-2055 | 1668-1687 | 3517-3557 | 3927-4028 |
| 31 | 2964-2988 | 3391-3544 | 6479-6485 | 11271-11286 | 81 | 2016-2034 | 1603-1667 | 3479-3516 | 3865-3926 |
| 32 | 2940-2963 | 3339-3390 | 6383-6478 | 10351-11270 | 82 | 1995-2015 | 1563-1602 | 3478-3478 | 3845-3864 |
| 33 | 2902-2939 | 3318-3338 | 6348-6382 | 10201-10350 | 83 | 1968-1994 | 1517-1562 | 3446-3477 | 3804-3844 |
| 34 | 2882-2901 | 3249-3317 | 6294-6347 | 10051-10200 | 84 | 1941-1967 | 1508-1516 | 3408-3445 | 3785-3803 |
| 35 | 2855-2881 | 3217-3248 | 6094-6293 | 10038-10050 | 85 | 1921-1940 | 1433-1507 | 3353-3407 | 3755-3784 |
| 36 | 2833-2854 | 3153-3216 | 6057-6093 | 8913-10037 | 86 | 1906-1920 | 1419-1432 | 3329-3352 | 3692-3754 |
| 37 | 2818-2832 | 3106-3152 | 6032-6056 | 8746-8912 | 87 | 1882-1905 | 1373-1418 | 3312-3328 | 3689-3691 |
| 38 | 2807-2817 | 3058-3105 | 5949-6031 | 8579-8745 | 88 | 1844-1881 | 1341-1372 | 3227-3311 | 3676-3688 |
| 39 | 2784-2806 | 3037-3057 | 5865-5948 | 8474-8578 | 89 | 1804-1843 | 1273-1340 | 3152-3226 | 3585-3675 |
| 40 | 2768-2783 | 2996-3036 | 5781-5864 | 8241-8473 | 90 | 1780-1803 | 1237-1272 | 3078-3151 | 3524-3584 |
| 41 | 2744-2767 | 2952-2995 | 5733-5780 | 8040-8240 | 91 | 1758-1779 | 1167-1236 | 3013-3077 | 3464-3523 |
| 42 | 2726-2743 | 2890-2951 | 5575-5732 | 8007-8039 | 92 | 1735-1757 | 1075-1166 | 2936-3012 | 3456-3463 |
| 43 | 2708-2725 | 2812-2889 | 5573-5574 | 7894-8006 | 93 | 1702-1734 | 958-1074 | 2871-2935 | 3241-3455 |
| 44 | 2690-2707 | 2775-2811 | 5523-5572 | 7651-7893 | 94 | 1680-1701 | 942-957 | 2782-2870 | 3105-3240 |
| 45 | 2663-2689 | 2731-2774 | 5430-5522 | 7379-7650 | 95 | 1637-1679 | 865-941 | 2743-2781 | 2958-3104 |
| 46 | 2645-2662 | 2709-2730 | 5377-5429 | 6467-7378 | 96 | 1606-1636 | 777-864 | 2708-2742 | 2958-2967 |
| 47 | 2627-2644 | 2690-2708 | 5327-5376 | 6404-6466 | 97 | 1557-1605 | 743-776 | 2548-2707 | 2916-2957 |
| 48 | 2607-2626 | 2657-2689 | 5226-5326 | 6342-6403 | 98 | 1507-1556 | 644-742 | 2534-2547 | 2575-2915 |
| 49 | 2575-2606 | 2642-2656 | 5161-5225 | 6247-6341 | 99 | 1395-1506 | 604-643 | 2351-2533 | 1377-2574 |
| | | | | | 100 | 0-1394 | 0-603 | 0-2350 | 0-1376 |

Note: The national averages for each classification of institution will have to be determined. The national averages should be given 50 points.

Part B - Special Needs Program

### Suggested Rewrite for Sec. 626.2 Designation of Eligibility

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Special Needs Program if---

(1) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2;

(2)(i) It has an enrollment which includes a substantial percentage of students receiving Pell Grants, Supplemental Educational Opportunity Grants (SEOG), National Direct Student Loans (NDSL) and College Work Study (CWS) in the base year. The Secretary assigns points to the institution on a scale of 0-50 points on the basis of the total number of need-based assistance recipients divided by the number of students eligible to apply for these programs. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(ii) The average amount of assistance received by its students in the base year under the need-based assistance programs (Pell Grants, SEOGs, NDSLs and CWS) is high in comparison with the average amount of all need-based assistance provided to students at similar institutions. The Secretary assigns points to the institution on a scale of 0-50 points. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(3) It has an average educational and general (E&G) expenditure per full-time equivalent (FTE) undergraduate student in the base year that was low when compared to the average at institutions that offer similar instruction. The Secretary assigns 0-100 points to the institution reflecting the institution's position on the percentile scale when compared to the same averages of all other institutions that offer similar instruction.

(b) In determining institutional eligibility, the Secretary gives the factors described in paragraphs (a) (2) (i) and (a) (2) (ii) of this section the same weight as the factor described in paragraph (a) (3) of this section. The following chart illustrates how the Secretary assigns points for the above factors:

| Percentile Rank | (a)(2)(i) | (a)(2)(ii) | (a)(3) |
|---|---|---|---|
| 99.5 | 50 | 50 | 0 |
| 99 | 50 | 50 | 1 |
| 98 | 49 | 49 | 2 |
| -- | -- | -- | -- |
| -- | -- | -- | -- |
| 2 | 1 | 1 | 98 |
| 1 | 0 | 0 | 99 |
| 0 | 0 | 0 | 100 |

(c) In order to be designated an eligible institution an applicant must score a combined total of points (all three factors) according to the institutions classification as listed below:

2-year public without dorms _____points
2-year public with dorms _____points
2-year private _____points
4-year public _____points
4-year private _____points

To assist institutions in determining eligibility the Secretary included the following three tables:

## Part B - Special Needs Program

## Points for Substantial Percentage of Title IV Recipients

Based on 79-80 Data

| Points | Percentages | Points | Percentages |
|---|---|---|---|
| 0 | 0 | 25 | 25 |
| 1 | 1 | 26 | 26 |
| 2 | 2 | 27 | 27 |
| 3 | 3 | 28 | 28 |
| 4 | 4 | 29 | 29 |
| 5 | 5 | 30 | 30 |
| 6 | 6 | 31 | 31 |
| 7 | 7 | 32 | 32 |
| 8 | 8 | 33 | 33 |
| 9 | 9 | 34 | 34 |
| 10 | 10 | 35 | 35 |
| 11 | 11 | 36 | 36 |
| 12 | 12 | 37 | 37 |
| 13 | 13 | 38 | 38 |
| 14 | 14 | 39 | 39 |
| 15 | 15 | 40 | 40 |
| 16 | 16 | 41 | 41 |
| 17 | 17 | 42 | 42 |
| 18 | 18 | 43 | 43 |
| 19 | 19 | 44 | 44 |
| 20 | 20 | 45 | 45 |
| 21 | 21 | 46 | 46 |
| 22 | 22 | 47 | 47 |
| 23 | 23 | 48 | 48 |
| 24 | 24 | 49 | 49 |
|  |  | 50 | 50 |

Note: The substantial percentage figure for each classification of institution will have to be determined.

## Part B - Special Needs Program

## Points for Average Title IV Grant Awards

Based on 79-80 Data

| Points | 2-year public colleges | | 2-year private colleges |
|---|---|---|---|
| | Without dorms | With dorms | |
| 0 | | | |
| 1 | | | |
| 2 | | | |
| 3 | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
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| 25 | | | |
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| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| - | | | |
| 47 | | | |
| 48 | | | |
| 49 | | | |
| 50 | | | |

NOTE: The national averages for each classification of institution will have to be determined. The national averages should be given 25 points.

## Part B - Special Needs Program

This chart is not based on 79-80 data---it is used for illustrative purposes only.

Points for E&G Expenditures per FTE Student

| Points | 2-Year Colleges |  | 4-Year Colleges |  | Points | 2-Year Colleges |  | 4-Year Colleges |  |
|---|---|---|---|---|---|---|---|---|---|
|  | Public | Private | Public | Private |  | Public | Private | Public | Private |
|  | $14202+ | $21830+ | $32985+ | $29364+ |  | $2557-2577 | $2625-2641 | $5145-5160 | $6234-6246 |
| 0 | 7741-14201 | 13254-21829 | 29746-32984 | 27140-29363 | 25 | 2530-2556 | 2577-2624 | 5051-5144 | 6222-6233 |
|  | 6150-7740 | 7659-13253 | 13262-29745 | 22191-27139 |  | 2514-2529 | 2547-2576 | 4937-5050 | 6193-6221 |
| 1 | 5504-6149 | 7577-7658 | 12174-13261 | 22263-22290 | 26 | 2503-2513 | 2507-2546 | 4825-4936 | 6115-6192 |
|  | 4949-5503 | 6557-7576 | 11824-12173 | 21938-22262 |  | 2481-2502 | 2422-2506 | 4727-4824 | 6035-6114 |
| 2 | 4665-4948 | 6272-6556 | 10271-11823 | 19625-21937 | 27 | 2460-2480 | 2386-2421 | 4693-4726 | 5917-6034 |
|  | 4358-4664 | 5955-6271 | 10197-10270 | 19372-19624 |  | 2439-2459 | 2346-2385 | 4547-4692 | 5870-5916 |
| 3 | 4203-4357 | 5726-5954 | 9510-10196 | 19119-19371 | 28 | 2422-2438 | 2316-2345 | 4527-4546 | 5766-5869 |
|  | 4076-4202 | 5526-5725 | 8641-9509 | 18321-19118 |  | 2410-2421 | 2298-2315 | 4431-4526 | 5652-5765 |
| 4 | 3991-4075 | 5159-5525 | 8458-8640 | 17965-18320 | 29 | 2395-2409 | 2278-2297 | 4352-4430 | 5365-5651 |
|  | 3926-3990 | 4965-5158 | 8437-8457 | 17917-17964 |  | 2382-2393 | 2252-2277 | 4314-4327 | 5212-5364 |
| 5 | 3844-3925 | 4831-4964 | 8152-8436 | 17269-17916 | 30 | 2357-2381 | 2239-2251 | 4301-4313 | 5119-5211 |
|  | 3754-3843 | 4747-4830 | 8056-8151 | 14735-17268 |  | 2340-2356 | 2220-2238 | 4295-4300 | 5030-5118 |
| 6 | 3668-3753 | 4707-4746 | 8022-8055 | 14494-14734 | 31 | 2322-2339 | 2213-2219 | 4240-4294 | 5024-5029 |
|  | 3612-3667 | 4670-4706 | 7994-8021 | 14254-14493 |  | 2307-2321 | 2160-2212 | 4163-4239 | 5018-5023 |
| 7 | 3535-3611 | 4597-4669 | 7649-7993 | 14183-14253 | 32 | 2293-2306 | 2142-2159 | 4153-4162 | 4786-5017 |
|  | 3453-3534 | 4409-4596 | 7566-7648 | 14137-14182 |  | 2279-2292 | 2132-2141 | 4140-4152 | 4696-4785 |
| 8 | 3417-3452 | 4369-4408 | 7417-7565 | 14074-14236 | 33 | 2262-2278 | 2105-2131 | 4004-4139 | 4650-4695 |
|  | 3343-3416 | 4325-4368 | 7318-7416 | 13564-14073 |  | 2250-2261 | 2095-2104 | 3975-4003 | 4598-4649 |
| 9 | 3329-3342 | 4256-4324 | 7220-7317 | 13116-13563 | 34 | 2230-2249 | 2082-2094 | 3957-3974 | 4535-4595 |
|  | 3305-3328 | 4187-4255 | 7087-7219 | 12990-13115 |  | 2212-2229 | 2060-2081 | 3927-3956 | 4491-4534 |
| 10 | 3254-3304 | 4167-4186 | 7046-7086 | 12564-12989 | 35 | 2197-2211 | 2012-2059 | 3906-3926 | 4448-4490 |
|  | 3206-3253 | 4100-4166 | 6963-7045 | 12440-12563 |  | 2182-2196 | 1978-2011 | 3897-3905 | 4416-4447 |
| 11 | 3184-3205 | 4063-4099 | 6959-6962 | 12098-12439 | 36 | 2172-2181 | 1921-1977 | 3779-3896 | 4398-4415 |
|  | 3152-3183 | 4051-4062 | 6832-6958 | 11756-12097 |  | 2161-2171 | 1896-1920 | 3756-3778 | 4337-4397 |
| 12 | 3134-3151 | 3865-4050 | 6755-6831 | 11677-11755 | 37 | 2135-2160 | 1846-1895 | 3730-3755 | 4278-4336 |
|  | 3112-3133 | 3781-3864 | 6740-6754 | 11565-11676 |  | 2108-2134 | 1758-1845 | 3680-3729 | 4231-4277 |
| 13 | 3072-3111 | 3760-3780 | 6738-6739 | 11454-11564 | 38 | 2093-2107 | 1738-1757 | 3652-3679 | 4208-4230 |
|  | 3043-3071 | 3756-3759 | 6675-6737 | 11305-11453 |  | 2072-2092 | 1708-1737 | 3593-3651 | 4186-4207 |
| 14 | 3000-3042 | 3666-3755 | 6524-6674 | 11304-11304 | 39 | 2056-2071 | 1688-1707 | 3558-3592 | 4029-4185 |
|  | 2959-2999 | 3595-3665 | 6486-6523 | 11287-11303 |  | 2035-2055 | 1662-1687 | 3517-3557 | 3927-4028 |
| 15 | 2964-2988 | 3391-3594 | 6479-6485 | 11271-11286 | 40 | 2016-2034 | 1603-1657 | 3479-3516 | 3865-3926 |
|  | 2940-2963 | 3339-3390 | 6383-6478 | 10351-11270 |  | 1995-2015 | 1563-1602 | 3478-3478 | 3845-3864 |
| 16 | 2902-2939 | 3318-3338 | 6348-6382 | 10201-10350 | 41 | 1968-1997 | 1517-1562 | 3446-3477 | 3804-3844 |
|  | 2882-2901 | 3249-3317 | 6294-6347 | 10051-10200 |  | 1941-1967 | 1508-1516 | 3408-3445 | 3785-3803 |
| 17 | 2855-2881 | 3217-3248 | 6094-6293 | 10038-10050 | 42 | 1921-1940 | 1433-1507 | 3353-3407 | 3735-3784 |
|  | 2833-2854 | 3153-3216 | 6067-6093 | 8913-10037 |  | 1906-1920 | 1419-1432 | 3329-3352 | 3692-3734 |
| 18 | 2818-2832 | 3106-3152 | 6032-6066 | 8746-8912 | 43 | 1882-1905 | 1373-1418 | 3312-3328 | 3689-3691 |
|  | 2807-2817 | 3058-3105 | 5949-6031 | 8579-8745 |  | 1844-1881 | 1341-1372 | 3227-3311 | 3676-3688 |
| 19 | 2784-2806 | 3037-3057 | 5865-5948 | 8474-8578 | 44 | 1804-1843 | 1273-1340 | 3152-3226 | 3585-3675 |
|  | 2768-2783 | 2996-3036 | 5781-5864 | 8241-8473 |  | 1780-1803 | 1237-1272 | 3078-3151 | 3524-3584 |
| 20 | 2744-2767 | 2952-2995 | 5733-5780 | 8040-8240 | 45 | 1758-1779 | 1167-1236 | 3013-3077 | 3464-3523 |
|  | 2726-2743 | 2890-2951 | 5575-5732 | 8007-8039 |  | 1735-1757 | 1075-1166 | 2936-3012 | 3456-3463 |
| 21 | 2708-2725 | 2812-2889 | 5573-5574 | 7594-8006 | 46 | 1702-1734 | 952-1074 | 2871-2935 | 3241-3455 |
|  | 2690-2707 | 2775-2811 | 5523-5572 | 7451-7593 |  | 1680-1701 | 942-951 | 2782-2870 | 3105-3240 |
| 22 | 2663-2689 | 2731-2774 | 5480-5522 | 7379-7450 | 47 | 1637-1679 | 865-941 | 2763-2781 | 2968-3104 |
|  | 2645-2662 | 2709-2730 | 5377-5479 | 6467-7378 |  | 1606-1636 | 777-864 | 2708-2762 | 2958-2967 |
| 23 | 2627-2644 | 2690-2708 | 5327-5376 | 6404-6466 | 48 | 1557-1605 | 743-776 | 2548-2707 | 2916-2957 |
|  | 2607-2626 | 2657-2689 | 5226-5326 | 6342-6403 |  | 1507-1556 | 644-742 | 2534-2547 | 2575-2915 |
| 24 | 2578-2606 | 2642-2656 | 5161-5225 | 6247-6341 | 49 | 1395-1506 | 604-643 | 2381-2533 | 1377-2574 |
|  |  |  |  |  | 50 | 0-1394 | 0-603 | 0-2380 | 0-1376 |

Note: The national averages for each classification of institution will have to be determined. The national averages should be given 25 points.

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September 1, 1981

The Honorable Carl D. Perkins
The United States House of Representatives
2328 Rayburn House Office Building
Washington D.C. 20515

Dear Congressman Perkins:

I am writing in regard to the proposed rules and regulations for the Institutional Aid Program, Title III of the Educational Amendments of 1980.

It has been our experience that most proposed educational rules become final with few changes. Therefore, it is important for the general public to be able to understand the exact effect that the proposed rules will have. This is not possible in the case of the proposed Title III rules. In order to comment intelligently, most colleges in the United States must have more information than was issued in the Federal Register on July 20, 1981 (beginning on page 37470).

We feel that the proposed rules are unclear, incomplete and in some cases, misrepresentative of the intent of Congress. Either these proposed rules were issued too soon, or the Title III office is withholding information so that no one will comment on them.

It should also be noted that the Federal Register announcement did not mention any public hearings. Previously, revisions of this magnitude have always included at least Washington D.C. hearings.

Ordinarily we would not contact you directly on this matter, but we have learned that the Title III office plans to prepare all eligibility forms and application information based on the proposed rules. If these regulations remain as written, most colleges that are funded in the next proposed cycle will most likely be funded for a 3 to 7 year period. If this is the intent of Congress, it is imperative that these regulations receive a full, public review prior to their implementation.

Enclosed please find various comments on specific sections of the proposed regulations. Unless they are changed to more accurately reflect Congressional intent, these regulations will have a prohibitive impact on present "developing institutions".

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BEST COPY AVAILABLE

The Title III Program has been a godsend for many postsecondary institutions in this country. This is not the time to so drastically alter its direction.

We look forward to your assistance in this effort and sincerely appreciate your consistant support of quality education in the United States.

Kindest personal regards,

Bill F. Stewart

Dr. Bill F. Stewart
President

cc - Mr. Dale Parnell, Executive Director
American Association of Community and Junior Colleges

Mr. Bill Meardy, Executive Director
Association of Community College Trustees

Comment No. 1.

Our interpretation of the Congressional intent to create two separate programs is that they should serve two different needs. The House Bill (Part A) established two categories of "strengthening institutions grants"; a 1-3 year (renewable) and a 4-7 year (non-renewable). The Senate Bill (Part B) established a short-term, 1-5 year program, to assist institutions with special needs.

However, the proposed Part B regulations state that grants authorized for 1-5 years shall be called "long-term development grants". The definition of long-term development grants (the same as Part A) says they are non-renewable.

The result would be to prohibit institutions from participating in Part A if they ever receive a Part B grant other than for planning purposes. They would be prohibited from ever receiving another Part B grant as well, and would, in effect, be removed from the program. This was not the intent of Congress (see attachment A).

Attachment A

| Educ. Amendments of '80(PL96-374) | Proposed Rules and Regulations |
|---|---|
| Part B - Duration of grant - Sec.323<br>The Secretary may make a grant to any institution with special needs under this part for a period of not more than five years. A grant to enhance planning capabilities of an institution shall not exceed one year. | **§ 626.10 Types of grants under the special needs program.**<br>Under the Special Needs Program the Secretary, subject to the provision of 34 CFR 624.35, awards—<br>(a) Planning grants for a period of one year, and<br>(b)(1) Long-term development grants for a period of one to five years, or<br>(2) Long-term development grants for a period of one to four years, in the case of an institution that has previously received a planning grant under this program. |
| Part B - Program Purpose - Sec. 321<br>(a) The purpose of this part is to provide for a program of short-term Federal assistance to strengthen the planning, management, and fiscal capabilities of institutions with special needs. | **§ 624.6 Definitions that apply to the Institutional Aid Programs.**<br>"Short-term grant" means a narrow-purpose, renewable development grant designed to help an institution or group of institutions move toward self-sufficiency.<br>"Long-term grant" means a broad-purpose, non-renewable development grant designed to enable an institution or group of institutions to achieve self-sufficiency by the end of the grant period.<br>"Renewable grant" means a short-term grant for which an institution may reapply. |
|  | **§ 626.20 Limitation on applications.**<br>An institution that has received a long-term development grant may not apply for another grant under this part, either individually or as part of a cooperative arrangement. |

**Attachment B**

## Suggested Rewrite for Sec. 626.10 Types of grants under the special needs program.

Under the Special Needs Program the Secretary, subject to the provision of 34 CFR 624.35, awards---

(a) Planning grants for a period of one year; and

(b) (1) Short-term development grants for a period of one to five years; or

(2) Short-term development grants for a period of one to four years, in the case of an institution that has previously received a planning grant under this program.

## Suggested Rewrite for Sec. 626.20 Limitation on applications

An institution that has received a short-term development grant may reapply for another grant under this part, either individually or as part of a cooperative arrangement.

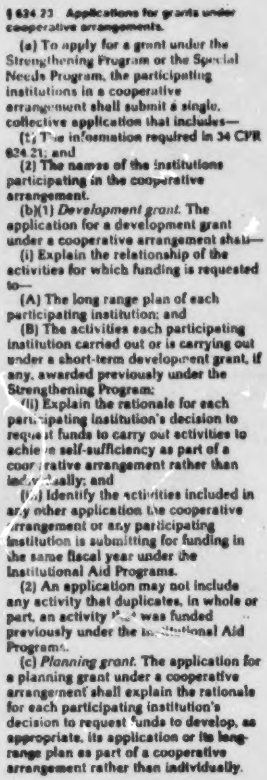
Comment No. 2.

> **§ 624.10 Types of grants.**
>
> The Secretary awards two principal types of grants under the Institutional Aid Programs:
>
> (a) Planning grants, as described in § 624.11.
>
> (b) Development grants, as described in § 624.12.

The legislation under Part A and Part B states "the Secretary may award grants...in order to assist such an institution to plan, develop, or implement activities..." Why aren't there three types of grants: planning grants, development grants and implementation grants?

It sounds like the Department of Education is saying that there is no money for implementation, only money for planning and development. Does the Department of Education consider implementation to be part of development? If so, the regulations should state it that way.

Comment No. 3.



**§ 624.23 Applications for grants under cooperative arrangements.**

(a) To apply for a grant under the Strengthening Program or the Special Needs Program, the participating institutions in a cooperative arrangement shall submit a single, collective application that includes—

(1) The information required in 34 CFR 624.21; and

(2) The names of the institutions participating in the cooperative arrangement.

(b)(1) *Development grant.* The application for a development grant under a cooperative arrangement shall—

(i) Explain the relationship of the activities for which funding is requested to—

(A) The long range plan of each participating institution; and

(B) The activities each participating institution carried out or is carrying out under a short-term development grant, if any, awarded previously under the Strengthening Program;

(ii) Explain the rationale for each participating institution's decision to request funds to carry out activities to achieve self-sufficiency as part of a cooperative arrangement rather than individually; and

(iii) Identify the activities included in any other application the cooperative arrangement or any participating institution is submitting for funding in the same fiscal year under the Institutional Aid Programs.

(2) An application may not include any activity that duplicates, in whole or part, an activity that was funded previously under the Institutional Aid Programs.

(c) *Planning grant.* The application for a planning grant under a cooperative arrangement shall explain the rationale for each participating institution's decision to request funds to develop, as appropriate, its application or its long-range plan as part of a cooperative arrangement rather than individually.

(b) (2) We agree with the restriction in B (2), but feel it should also apply to all Title III grants, not just to cooperative arrangement grants.

Comment No. 4.

**§ 624.34 Grants under cooperative arrangements.**

(a) In considering applications from institutions that propose to carry out projects under a cooperative arrangement, the Secretary gives priority to those applications that the Secretary determines are—

(1) Geographically sound; and

(2) Economically sound.

(b) The Secretary determines that a cooperative arrangement is—

(1) Geographically sound based on the proximity of the participating institutions; and

(2) Economically sound if participating institutions demonstrate that—

(i) There is no duplication of effort among participating institutions; and

(ii) Each activity proposed in the application will be carried out more efficiently and effectively at less cost than would be possible if each participating institution were awarded a grant individually.

(c) The Secretary considers each participating institution in a cooperative arrangement to be a separate grantee for purposes of this part.

Questions:

Section 624.34 (a) states "the Secretary gives priority" and the legislation states "the Secretary shall give priority." What exactly does this mean? Will the Secretary give priority to cooperative arrangements over all other applications? If so, will more points be given during evaluations? This needs to be clarified.

Section 624.34 (c) considers an institution participating in a cooperative arrangement to be a separate grantee. By doing this, the Department of Education is discouraging all institutions from participating in such arrangements. The way the regulations have been proposed, institutions will not be able to receive their own grant, if they participate in a cooperative arrangement. Why was the Congressional intent not followed? The legislation says "The Secretary may make grants to encourage cooperative arrangements..." There is nothing in the proposed regulations to encourage anyone to participate in cooperative arrangements. Everything in the regulations discourages participation.

Comment No. 5.

**§ 625.3 Designation of eligibility.**

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Strengthening Program if—

(1) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2;

(2)(i) At least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year; and

(ii) The Secretary determines that the average Pell Grant received by its students in the base year was greater than the average Pell Grant received by students at comparable institutions in that year; and

(3) The Secretary determines that the average educational and general (E&G) expenditure per full-time equivalent (FTE) undergraduate student in the base year was less than the average E&G expenditure per FTE undergraduate student at institutions that offer similar instruction.

(b) In determining institutional eligibility, the Secretary gives the factors described in paragraphs (a)(2) (i) and (ii) of this section double the weight the Secretary gives the factor described in paragraph (a)(3) of this section.

Comment A

Was it the intent of Congress that an institution must have (1) more than a specific percentage of Pell grant enrollment, and (2) be above the national average on Pell grants and (3) be below the national average of E&G per FTE to qualify for Part A?

The legislation refers to "substantial percentage", but does not say it must be a fixed percent. We suggest the development of a points scale so that the higher its percentage, the more points an institution will receive. One possible approach is attached. (Attachment C.)

The law states that the average Pell grant must be "higher when compared with" such grants in similar institutions. We suggest the development of a points scale so that the higher the percentage, the more points an institution will receive. (Again, see Attachment C.)

Comment B

One extremely important point is that two-year public community colleges cannot be compared as a total group, because students at colleges with dorms have a much higher Pell grant award than students at colleges with no dorms.

Comment C

We have been told by Title III staff informally, that the office plans to ignore the double weight factors because it says it is impossible to come up with the scales. We disagree--they can be developed. This section of the legislation should not be ignored.

Attachment C

## Suggested Rewrite for Sec. 625.2 Designation of eligibility

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Strengthening Program if---

(1) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2;

(2)(i) It has an enrollment which includes a substantial percentage of students receiving Pell Grants in the base year. The Secretary assigns points to the institution on a scale of 0-100 points on the basis of the number of Pell Grant recipents per FTE undergraduate student. The points awarded are based on the institutions percentile ranking when compared to all other similar institutions.

(ii) The average Pell Grant received by its students in the base year was high in comparison with the average Pell Grant received by students at comparable institutions in that year. The Secretary assigns points to the institution on a scale of 0-100 points. The points awarded are based on the institutions percentile ranking when compared to all other similar instutions.

(3) It has an average educational and general(E&G) expenditure per full-time equivalent(FTE) undergraduate student in the base year that was low when compared to the average at institutions that offer similar instruction. The Secretary assigns 0-100 points to the institution reflecting the instutition's position on the percentile scale when compared to the same averages of all other institutions that offer similar instruction.

(b) In determining institutional eligibility, the Secretary gives the factors described in paragraphs (a)(2)(i) and (ii) of this section double the weight of the factor described in paragraph (a)(3) of this section. The following chart illustrates how the Secretary assigns points for the above factors:

| Percentile Rank | (a)(3) | (a)(2)(i) | (a)(2)(ii) |
|---|---|---|---|
| 99.5 | 0 | 100 | 100 |
| 99 | 1 | 98 | 98 |
| 98 | 2 | 96 | 96 |
| -- | - | -- | -- |
| -- | - | -- | -- |
| 2 | 98 | 4 | 4 |
| 1 | 99 | 2 | 2 |
| 0 | 100 | 0 | 0 |

(c) A total of 150 points--the combined total of all three factors--means the institution meets the eligibility requirements for the strengthening program.

Comment No. 6.

**§ 625.30 General rules.**

(a) Using the procedures in 34 CFR 624.30, the Secretary evaluates applications for—

(1) Planning grants on the basis of the criteria in 34 CFR 624.31; and

(2) Development grants on the basis of the criteria in 34 CFR 624.32 and 624.33.

(b) In the case of applications for development grants, the Secretary gives special consideration to applicants that propose to carry out the activities described in 34 CFR 624.13(b). →

**§ 624.13 Allowable activities.**

(a) The Secretary awards grants under the Institutional Aid Programs to assist eligible institutions to plan, develop, or implement activities that the Secretary determines are likely to enable the institution to become self-sufficient.

(b) The following types of development activities are allowable:

(1) Development of faculty.

(2) Management of funds and administrative management.

(3) Development and improvement of academic programs.

(4) Acquisition of equipment for use in strengthening management of funds and in strengthening academic programs.

(5) Joint use of facilities such as libraries and laboratories.

(6) Student services.

Questions:

Sec.625.30 (b) says "the Secretary gives special consideration" and the legistation says "Special consideration shall be given."

What does special consideration mean? Does it mean more points for applications addressing any of the 6 activities listed in Sec. 624.13? If so, this should be mentioned in the sections dealing with evaluation criteria for proposals. If not, what special consideration will be given and how will it be administered?

Comment No. 7.

§ 625.31 Funding availability.

(a) If sufficient high-quality applications are received, the Secretary makes available, for any fiscal year, the following:

(1) For awards to junior or community colleges, not less than 24 percent of the funds appropriated under this program.

(2) For awards for long-term development grants, not less than 25 percent of the funds appropriated under this program.

(b) Each year the Secretary announces through a notice in the Federal Register—

(1) The amount of funds that will be used to fund long-term development grants under this program; and

(2) The maximum amount of funds that the Secretary may award to a grantee that year for each type of grant available under this program.

(20 U.S.C. 1069c)

§ 626.31 Funding availability.

(a) If sufficient high-quality applications are received, the Secretary makes available, for any fiscal year, the following:

(1) For awards to junior or community colleges with special needs, not less than 30 percent of the funds appropriated under this program.

(2) For awards to institutions with special needs that have historically served substantial numbers of black students, not less than 50 percent of the amount received by those institutions under the Strengthening Developing Institutions Program (SDIP) for fiscal year 1079. This amount is approximately $27,000,000 dollars.

(b) The Secretary considers institutions that have historically served substantial numbers of black students to be those identified by the National Center for Education Statistics in its publication entitled "Traditionally Black Institutions: A Profile and an Institutional Directory.

(c) Each year the Secretary announces through a notice in the Federal Register the maximum amount of funds that the Secretary may award to a grantee that year for each type of grant available under this program.

(20 U.S.C. 1069c)

Questions:

The Regulations say "If sufficient high-quality applications are received". The legislation says "the Secretary shall make available". The Department of Education does not have the power to change "shall" to "if".

The Department of Education should tell everyone at the outset, what the maximum level of funding will be for each type of grant. This information should have been made known before proposed regulations were published.

Comment No. 8.

**§ 626.2 Designation of eligibility.**

(a) The Secretary designates an institution of higher education or a branch campus as eligible to be considered for a grant under the Special Needs Program if—

(1)(i) It satisfies the basic institutional eligibility requirements in 34 CFR 624.2; and

(ii) In the case of a branch campus, it is located in a community different from that in which its parent institution is located;

(2)(i) At least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year;

(ii) At least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for student financial assistance under one or more of the Campus-Based programs (Supplemental Educational Opportunity Grants Program, National Direct Student Loan Program, and College Work-Study Program) in the base year received assistance under the Campus-Based programs in that year; and

(iii) The Secretary determines that

(A) The average Pell Grant received by its students in the base year was greater than the average Pell Grant received by students at comparable institutions in that year; and

(B) The average amount of assistance received by its students in the base year under the Campus-Based programs was greater than the average amount of assistance received by students under those programs at comparable institutions in that year;

(3) The Secretary determines that the average educational and general (E&G) expenditure per full-time-equivalent (FTE) undergraduate student in the base year was less than the average E&G expenditure per FTE undergraduate student at institutions that offer similar instruction; and

(4) It has an enrollment of at least 100 FTE students during the academic year in which it applies for designation.

(b) In determining the eligibility of an institution, the Secretary gives the factors described in paragraph (a)(2) of this section the same weight the Secretary gives the factor described in paragraph (a)(3) of this section.

Comment

The legislation for Part A and Part B both say "substantial percentage of students receiving..." How can Part A be 35% and Part B 70%? If there has to be a specific percentage, it should be the same for both Parts. After all, it was the intent of Congress to have Part B be available for more institutions than Part A.

Title III staff should have published the total eligibility requirements, as they will be sent to colleges, so that each institution will be able to determine specific impact. The Department should not wait until after the comment period is over to inform everyone.

All questions listed under Sec. 625.2 (Comment #5) also apply to this section.

Comment No. 9.

**§ 625.11 Allowable activities.**

(a) Planning grants may be used only to develop a long-range plan as described in 34 CFR 624.22

(b) Development grants may be used only to carry out the activities listed in 34 CFR 624.13(b)

Comment

Planning grants can be used for developing a long-range plan and/or developing an application under Part A, "Strengthening Institutions Programs". Such grants can only be used for developing a long-range plan under Part B, "Special Needs Programs". The legislation for Part B does not say it cannot be used for development and application.

Comment No. 10.

**§ 626.40 Cost sharing.**

The Secretary pays the entire cost of any grant for the first two years of assistance under this program. After that the Secretary pays—

(a) Ninety percent of the cost in the third year;

(b) Eighty percent of the cost in the fourth year; and

(c) Seventy percent of the cost in the fifth year.

(20 U.S.C. 1063)

Comment

Can the institutional matching requirement for year 3, 4 and 5 be inkind contributions? If so, this section should so state.

Comment No. 11.

> **§ 627.30 Evaluation of Applications.**
>
> (a) Using the procedures in 34 CFR 624.30, the Secretary evaluates applications on the basis of the criteria in 34 CFR 624.32 and 624.33.
>
> (b) In awarding grants under this part, the Secretary gives preference to applications from institutions that are receiving, or have received, grants under the Strengthening Program or Special Needs Program.
>
> (20 U.S.C. 1088)

Comment

What does the phrase, "the Secretary gives preference to applications" mean?

If it means that the Secretary will award more points, will "bonus" points be given? If so, the number of points should be included in the evaluation criteria section of the Regulations.

Comment No. 12.

## Comments and Concerns about the Self-Sufficiency Emphasis

The legislation refers to self-sufficiency in Part A and Part D (see Attachment D).

Part A implies that through the strengthening program institutions should:

- -increase their self-sufficiency and
- -strengthen their capacity to make a substantial contribution.

Part D implies that institutions' proposals should:

- -provide for institutional self-sufficiency and
- -provide for institutional growth.

We question the extraordinary emphasis on self-sufficiency in the proposed Regulations (see Attachment E).

Questions:

Why is "self-sufficiency" emphasized so much more than "strengthening their capacity" and "providing for institutional growth"?

Does Congress agree with the definition of "self-sufficient" (Section 624.6)? How many institutions in the United States will really not survive without funding under this program? How will the Secretary know a self-sufficient institution when he/she sees one? Will the term "self-sufficient" become as vague as the term"developing institution" has over the last 15 years?

The legislation says "to increase their self-sufficiency". The Regulations often mention "to become or to achieve self-sufficiency". Why do the Regulations demand total self-sufficiency when the legislation refers to "increased"?

Is self-sufficiency supposed to relate to Part B--Special Needs Program and to Part C--Challenge Grant Program? There is no mention of self-sufficiency in these parts of the legislation.

Attachment D

## Legislation Referencing Self-Sufficiency

Part A - Strengthening Institutions

Sec. 311 (a) The Secretary shall carry out a program, in accordance with this part, to improve the academic quality, institutional management, and fiscal stability of eligible institutions, in order to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the nation.

Part D - General Provisions

Sec. 341 (b) An institution, in its application for a grant, shall (1) set forth, or describe how it will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth...;

Attachment E

## Regulations Referencing Self-Sufficiency

| | |
|---|---|
| 624.1 (a) | to become self-sufficient |
| 624.6 | Definitions<br>Self-Sufficient<br>Long-term Grant<br>Short-term Grant |
| 624.12 | Development Grant<br>to move toward or achieve self-sufficiency |
| 624.13 | Allowable activities<br>to become self-sufficient |
| 624.22 | Long-Range Plan<br>strategy for achieving self-sufficiency |
| 624.23 | Applications for grants under cooperative arrangements<br>to achieve self-sufficiency |
| 624.30 | General evaluation of applications<br>to achieve self-sufficiency |
| 624.32 | Long-range plan to achieve self-sufficiency<br>(a) long range plan provides for self-sufficiency<br>(a) (1) moving toward self-sufficiency<br>(a) (2) becoming self-sufficient<br>(b) (1) inhibit it from becoming self-sufficient |
| 624.33 | Contribute to the achievement of self-sufficiency |
| 624.35 | prevent the institution from achieving or sustaining<br>self-sufficiency |
| 624.41 | to become self-sufficient |
| 625.1 | to become self-sufficient |
| 626.1 | to become self-sufficient |
| 627.1 | to become self-sufficient |

Comment No. 13.

## Comments and Concerns About the Long-Range Planning Emphasis

Most of the legislation refers to the fact that institutions need help in long-range planning. It also refers to the fact that institutions may use funds to plan, to strengthen planning capabilities, to enhance planning capabilities or to assist institutions in the preparation of plans (see Attachment F).

In the legislation, the only mandate for planning is in Sec. 341, which references "a comprehensive plan".

Does the comprehensive plan relate to plans for the implementation of the activities proposed in the application? Does the comprehensive plan mean that every institution must have a detailed, long-range plan?

The way the proposed regulations are written, every institution without a long-range plan will have to apply for a one-year planning grant. All other institutions will be funded for 3 years, 5 years, or 4-7 years. After the institutions finish their one-year planning grants, there will be very few dollars available for development grants because those monies will have been committed--unless Congress appropriates additional funds. Was this the intent of Congress?

Attachment F

Legislation Referencing Planning

Sec. 301 (a) The Congress finds that
(2) the problems relate to
...the management and fiscal operations of certain institutions
...an inability to engage in
....long-range planning
....recruitement activities, and
....development activities

Sec. 311 (b) award grants...in order to assist such institutions to plan, develop, or implement activities

Sec. 313 (c) Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of assisting such institution in the preparation of plans and applications under this part.

Sec. 321 (a) The purpose of this part is to provide for a program of short-term Federal assistance to strengthen the
...planning capabilities
...management capabilities, and
...fiscal capabilities

Sec. 321 (b) may make grants...to plan, develop, or implement activities consistent with the purpose of this part.

Sec. 322 (10) inadequate development offices and a limited capacity for long-range planning.

Sec. 323 A grant to enhance the planning capabilities of an institution shall not exceed one year.

Sec. 341 (b) An institution, in its application for a grant, shall--
(1) set forth, or describe how it will develop, a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth(including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title):

Mr. **BLAKEY**. Mr. Zuniga.

## STATEMENT OF ROBERTO ZUNIGA, COORDINATOR, SPECIAL SERVICES TO DISADVANTAGED STUDENTS AND BILINGUAL EDUCATION, EAST LOS ANGELES COMMUNITY COLLEGE, AND ON BEHALF OF THE HISPANIC HIGHER EDUCATION COALITION

Mr. **ZUNIGA**. My name is Roberto Zuniga. I am former director of the institutional development program, and presently serve as coordinator of special services to disadvantaged students and for bilingual education at East Los Angeles Community College. I am here on behalf of the Hispanic Higher Education Coalition which is an organization of 13 Hispanic organizations, specifically addressing the needs of Hispanics in higher education.

We address such issues as access, retention, opportunities for professional development, and institutional representation.

Specifically with regard to title III, there are some things which I think that the subcommittee and those making decisions need to be aware of with regard to the needs of Hispanics.

In the 1970's, a number of Hispanic students entered higher education. For example, in our institution we have an increase from approximately 33 percent to about 67 percent of the institution which is now Hispanic. The influx has made the institution face some problems which they were not prepared to deal with and we're apparently not dealing with them because in the overall picture we are not moving Hispanics from the 2-year institutions that most of them are attending to the 4-year institutions, into graduate and professional programs.

At the present time, there is no extensive network of historically Hispanic colleges comparable to the black colleges. Therefore we need to focus on those institutions where the students are enrolled and to take the opportunity we have in the title III program to help those institutions move into the mainstream of higher education in order to improve the whole picture of education for Hispanics.

There is an apparent problem with the title III program in that the title III staff has no Hispanic employees. A closer examination of this concern revealed that there has not been an Hispanic full-time staff member on their staff since 1977. Considering the importance of this program, it seems important to have such personnel and the program is not setting a good example in operating the program for addressing the needs of Hispanics and for developing the sensitivity and knowledge to their needs.

Let me go on to some of our recommendations. The Hispanic Higher Education Coalition supports the intent and spirit of the title III law as reauthorized in 1980 by Congress. However we have serious reservations over the regulations as submitted by the Department of Education. In particular we believe that the regulations proposed regarding the determination of institutional eligibility are unduly restrictive and would eliminate many institutions serving Hispanic and other low-income students from consideration for the institutional aid programs support.

Our college is one of the institutions that has graduated, yet we still need some help in meeting the needs of Hispanic students in our institution, specifically in some of the ways in which we have been using title III funds.

Institutional faculty redevelopment is one of those areas and there are other things. However, we are no longer eligible because of the requirement as established when the average Pell grant criterion came in, basically because our institution, as many community colleges, does not charge tuition. Therefore, because of that, our students tend not to get large grants. Also there is another phenomenon which is in our institution. Our students prefer to work because of the cost of living. It is not met by the Pell grant program. It is therefore to their advantage to work instead of apply for grants.

We are in a situation where we have a large percentage of low-income students which is not reflected by the Pell grant formula. We have examined Senator Denton's proposed technical amendments on this issue and we agree that they will improve the targeting of title III. We are supportive of Senator Denton's first two amendments which would delete the requirement for a high average student financial aid award as a criteria for institutional aid programs eligibility.

Although only four of the 1979 Hispanic title III program colleges have graduate programs, we would also support Senator Denton's fourth amendment which deals with the computation of E and G expenses so that Puerto Rican colleges' ability to secure title III funding would be enhanced.

I do not want to read any more of what is in my prepared statement. We would like to submit it to the record.

However I would like to say with regard to my experience with the title III program, that it is important to have a planning requirement, but it must be a requirement which reflects the real needs of the institutions. I would concur with the gentleman who proposed that it be tied to an institutional plan which is already in existence rather than going on to another one.

Mr. Blakey. Thank you very much. Without objection, the full text of your testimony will appear in the record of this hearing.

[The prepared statement of Roberto Zuniga follows:]

## Prepared Statement Presented by Roberto Zuniga, Coordinator, Special Services to Disadvantaged Students and Bilingual Education, East Los Angeles College, for the Hispanic Higher Education Coalition

Mr. Chairman, distinguished Members of the Subcommittee, my name is Roberto Zuniga. I am Coordinator of Special Services to Disadvantaged Students and Bilingual Education at East Los Angeles College and I have had the benefit of five years experience with Title III programs at my institution. I am most pleased to appear before you today to speak on behalf of the Hispanic Higher Education Coalition.

The Hispanic Higher Education Coalition represents 13 national Hispanic organizations interested in improving educational conditions for their constituencies. As its core purpose the Coalition seeks to increase the participation of Hispanics in postsecondary education. The Coalition has extensive experience in higher education issues and its members have been very active in seeking to achieve equity and excellence in higher education, specifically in improving educational opportunities for Hispanic students. These issued are:

Access

Equal educational access has not been achieved in 4-year and graduate school institutions. Although Hispanic enrollments in 2-year institutions show some promise for the future, transition from community colleges to 4-year institutions remains a major obstacle.

Retention

Graduation rates for Hispanics from high school, 2-year and 4-year institutions, and graduate schools continue to be low. The problems of retention and transition for Hispanics through the education system need to be addressed.

Professional Development

Public and private opportunities geared to increase the professional development and placement of Hispanics into career-related fields are limited. This is reflected in the extremely low participation rates of Hispanic students in graduate and professional schools.

Institutional Representation

The lack of sufficient Hispanic representation in local, state, and federal education agencies, educational institutions, and federal and state advisory panels is an unavoidable consequence of inadequate professional development. This hinders effective articulation of our problems and frustrates the development of strategies to meet our present and emerging educational needs. Without equitable representation, educational policies and programs will continue to have limited impact on Hispanic communities.

With reference to the Title III program which is being considered at this hearing, it is important to note that:

- In the 1970's, the number of Hispanics going to college increased in higher education, but the participation rates have remained at the same level and Hispanics are still severely underrepresented in undergraduate, graduate, and professional schools.

- In 1978 nearly half of all Hispanics in college were attending two year colleges. Forty-two percent (42%) of full time Hispanic students were enrolled in 2 year colleges compared with 23 percent of whites.

- Hispanics enrolled in postsecondary education are concentrated in a relatively small number of colleges and universities. Twenty one institutions enroll 24% of all Hispanic students on the U.S. mainland. When the 34 institutions in Puerto Rico are added, these 55 schools account for 43% of all U.S. Hispanic students.

- There is no extensive network of historically Hispanic Colleges comparable to those of other populations; therefore, our students are enrolled in majority institutions. It requires additional federal efforts to target resources upon schools where Hispanics will benefit in order to achieve the goal to move those colleges into the mainstream of Higher Education.

- It is immediately apparent that the Title III staff has no Hispanic employees. A closer examination of this concern revealed that there has not been an Hispanic full-time staff member on their staff since 1977. Central to the purpose of this program is serving minority constituents in institutions serving such personnel. Yet, the staffing patterns of this program are not setting a good example for optimizing the purpose of the program, particularly for addressing the needs of Hispanics.

- The participation of Hispanic readers in the Title III program selection cycle must be improved as well. An inquiry into this aspect of the program revealed the following information:

| Year | Percent of Hispanic Readers | Numbers of Hispanics/ Total |
|---|---|---|
| 1980 | 8% | 11 - 137 |
| 1979 | 7% | 11 - 150 |
| 1978 | 16% | Not Available |

Hispanic participation in Title III since 1972 has been on a limited basis as reflected on Table 1. In 1980, funds awarded to Hispanic Title III programs amounted to $ 6.9 million. As a result of even limited Title III funding, schools serving Hispanic students have been able to improve their academic programs. This support has helped many of these institutions strengthen their programs and further develops their institutional capabilities to reach and serve our students.

The Hispanic Higher Education Coalition supports the intent and spirit of the Title III law as reauthorized in 1980 by Congress. However we have serious reservations over the regulations as submitted by the Department of Education. In particular we believe that the regulations proposed regarding the determination of institutional eligibility are unduly restrictive and would eliminate many institutions serving Hispanic and other low-income students from consideration for Institutional Aid Programs support.

We have examined Senator Denton's proposed technical amendments on this issue and agree that they will improve the targeting of Title III. We are supportive of Senator Denton's first two amendments which would delete the requirement for a high average student financial aid award as a criteria for Institutional Aid Programs eligibility.

We are particularly concerned about the effect of Pell Grants upon Title III, Part A institutional eligibility. A recent financial aid study by HHEC chair Michael Olivas showed conclusively that Hispanic financial aid recipients are overwhelmingly reliant upon Pell grants and other federal aid: over 95% of Hispanic freshmen students received grants. However, Hispanic students frequently attend low cost community colleges, and so these institutions do not always qualify for Title III funds. This is particularly problematic in California, where approximately one-third of all U.S. Hispanic undergraduates are enrolled.

In recognition of Hispanic students' concentration in community colleges, Congress changed the two year college limitation from a ceiling to a floor of 24%. However, the eligibility criteria as proposed would nullify the clear intent of Congress on this point.

Although only 4 of the 1979 Hispanic Title III program colleges have graduate programs, we would also support Senator Denton's fourth amendment which deals with the computation of E & G expenses so that Puerto Rican colleges' ability to secure Title III funding would be enhanced. Island colleges, although they are predominantly Hispanic, have not fared well in Title III, despite the poverty of the island and eligibility for program funds. Again, the lack of Hispanic Title III staff has been a specific problem for Puerto Rico, as program officers have limited experience in assisting spanish speaking professionals. Rollbacks in Pell Grants have seriously jeopardized Puerto Rican college resources, and we encourage the subcommittee to take special recognition of this situation. Because the tax resources of Puerto Rican are lower than those of the mainland U.S, special legislative considerations may be in order.

Finally, we would support any effort at "grandfathering" previously eligible Title III colleges. The intent would be to insure that any currently eligible institution would continue to maintain eligibility. Colleges who have served disadvantaged students deserve support, and Congress has acknowledged this by its special eligibility waivers for Spanish speaking and Indian students. Title III, properly administered, could provide Hispanic students with strengthened institutional resources. Its failure to fully reach Hispanic students could be reversed by measures we have suggested, and by move sensitive administration. Thank you for the opportunity to present our views to you today.

Table 1 - Title III funds for Basic and Advanced Institutional Development awarded to institutions with 20 percent Hispanic enrollment or more: 1973-1979

| Fiscal Year | Total[1] | | U.S. Mainland[2] | | Puerto Rico | |
|---|---|---|---|---|---|---|
| | Amount ($'000's) | Percent[3] | Amount ($'000's) | Percent[3] | Amount ($'000's) | Percent[3] |
| 1973..... | $ 5,776 | 5.3 | $4,876 | 4.4 | $ 900 | 0.8 |
| 1974..... | 7,432 | 6.8 | 6,177 | 5.6 | 1,255 | 1.1 |
| 1975..... | 7,946 | 7.2 | 6,501 | 5.9 | 1,445 | 1.3 |
| 1976..... | 6,346 | 5.8 | 5,061 | 4.6 | 1,285 | 1.2 |
| 1977..... | 8,568 | 7.8 | 6,952 | 6.3 | 1,616 | 1.5 |
| 1978..... | 5,886 | 5.4 | 4,165 | 3.8 | 1,611 | 1.5 |
| 1979..... | 10,253 | 8.8 | 7,462 | 6.4 | 2,791 | 2.4 |

[1] Program in Title III for institutions with approximately 20 percent Hispanic enrollment or more.

[2] Fifty States and District of Columbia

[3] Percent of total Title III funds appropriated.

NOTE.- Details may not add to totals because of rounding.

SOURCE: U.S. Department of Health, Education, and Welfare, Office of Education, Bureau of Higher and Continuing Education Factbook: Summary of Program Information through Fiscal Year 1978 and staff report for Fiscal Year 1979 data.

In Fiscal Year 1980 Title III funded 24 institutions that serve Hispanics for a total of $ 6,926,536.

Mr. **Blakey**. We have time for one question. Concerning the consortium problem, as I understand it, it forces a school to choose to be on a consortium or to pursue an individual grant in part B. They are subsequently precluded, if they are in a consortium from part B eligibility. Does your reading of the statute make that applicable to part A, the first part of part A, the 3-year as well as the 4-year and 7-year grants?

Mr. **Stewart**. Yes, part B is the long-term. That causes the major problem. But the amount of money which is available under the part A in the short-term is of grave concern to us. The consortium arrangements—wnen you have to make that choice, it might be possible for the school to get as much as $600,000 a year on an individual grant, whereas on a consortium, our consortium has been at about $1.2 million, serving 104 colleges. That means we spend about $10,000 a college. Which are you going to choose? Are you going to choose to try to get something for an individual college at $600,000 or are you going to help 104 colleges?

We have consistently at Kirkwood tried to help the 104 colleges, of which about 25 or 26 we serve every year. We have done some very exciting things with it, at a $10,000 cost. But if you give us a choice of which we would prefer, I think it becomes self-evident.

Mr. **Blakey**. If my memory of philosophy and logic is accurate, that is called the momentum forced option.

Mr. **Stewart**. There are going to be a lot of colleges which are small which do not have the sophistication to get one of these grants and will not apply because they do not have some of the kind of help coming through the consortia. You will not see those people here for those grants and some of those colleges are the ones who have the greatest needs. If the consortia disappear, they will have no chance to get title III money. That will be a grave injustice under this system.

Mr. **Blakey**. Thank you. Jenny.

Ms. **Vance**. I have nothing right now.

Mr. **Blakey**. I would like to thank both of you for being here today.

We will adjourn now subject to the call of the Chair. I think we will pursue the Chairman's suggestion, after I discuss this with Miss Vance. We will be in touch with everyone who has offered himself to join this group. We will try to get in touch with the Department and put together a meeting as soon as we possibly can.

I will now adjourn the hearing.

[Whereupon, the subcommittee was adjourned, subject to the call of the Chair, at 12:42 p.m.]

[Material submitted for inclusion in the record follows:]

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Congress of the United States,
House of Representatives,
*Washington, D.C., November 20, 1981.*

Hon. Paul Simon,
*Chairman, Subcommittee on Post-Secondary Education,*
*Washington, D.C.*

Dear Mr. Chairman: May I respectfully request that the attached testimony from Dr. Edward H. Wilson, Jr., President, Roanoke-Chowan College, be included in the official hearing record of the Higher Education Act of 1965 as amended.

Thank you for your attention to this request, and with every good wish, I am

Sincerely,

WALTER B. JONES.

Attachment.

ROANOKE-CHOWAN TECHNICAL COLLEGE,
*Ahoskie, N.C., October 26, 1981.*

I am writing this testimony as the president of a small community college in North Carolina which has been fortunate enough to be a user of Title III (Institutional Aid and formerly Strengthening Developing Institutions) funds. We have worked extremely hard to develop fundable proposals under this program because the types of students that we serve just happen to be the kinds that the program can and should serve.

Our school was founded in 1967 in an extremely poor rural area of Northeastern North Carolina. Since its inception the school has served people who are living in a severe area that is characterized by rural isolation, who have an income level that is significantly lower than the state and national averages, and who hold an academic level of educational attainment that also is continually below state and national levels. The population is 60 percent black and 40 percent white as is the school population. Unemployment stays between two and three percentage points above the state average. We do not consider this a detriment but a challenge to our job.

Unfortunately, because of the unique needs of the people, the state funding system does not provide enough to start up special programs that are needed for these educationally and economically disadvantaged students. The funding system will provide for programs after start up by its earn-back provisions. We simply could not meet many of the needs of these "forgotten" students without external resources, including Title III.

Since we received funding four years ago, our school has been greatly improved and in turn our students more adequately served. We were able to develop a comprehensive counseling program which provided many of the support services the students needed from the time they first enrolled until they were placed on the job. We also were able to improve the management of our financial aid and student services with these funds.

Disadvantaged students are often not prepared for post-secondary education from an academic standpoint. We were able to start a developmental education program which provides the more basic skills in reading, English, mathematics and study skills. Our retention of these high risk students has doubled by providing them more skills which they can use to cope with their quest for an education.

The Title III funds have given us the start-up funds for improving the academic offerings of the college in another way. We started a nursing education options program whch provides the training for both practical nurses and registered nurses. This program is a costly one which also was demanded by the local area to the point where it had to be offered no matter what. Title III provided the start-up funds that allowed us to develop the curriculum and begin instruction without our having to close down other needed programs. When the program was evaluated for accreditation by the North Carolina State Board of Nursing, it received commendations and full accreditation even though it had not graduated its first class. This is a rare occurrence, and we feel partly the result of the additional start-up funding being available.

Because of our situation, it is apparent that we have special needs, and it would be extremely difficult for us to serve our student populations without external funding. Title III is one of the resources we have used.

We have always been an eligible institution under Title III. We have not always used Title III to support our programs. We are now planning for a strong revision of our existing curricula. We had hoped that Title III funds would be available as part of the package to embark on this revision. We, an institution serving poor, educationally disadvantaged and high numbers of minority students, may not be eligible under the new guidelines. It is difficult to comprehend why certain things are being pursued as appropriate screening mechanisms. I am particularly concerned about the provisions on eligibility as related to Pell Grants. We have a very large number of individuals on Pell Grants (59%). This is not a problem in our school, but in a number of similar schools (based on the community that is served) in North Carolina the percentage is not as high. As community colleges we reflect the populations we serve and since we all tend to serve a high number of educationally as well as a representative number of economically disadvantaged students, it would appear that a sliding scale would be a more appropriate means of determining eligibility points (Sections 625.2, 626.2). Of great concern is the proposal to assure that the average

Pell amount exceeds the national average for the type of school. In the past we were categorized as public two-year colleges. The average is directly related to the cost of education at these schools. North Carolina community colleges have low tuition and therefore a lower Pell grant award. Other factors such as residency affect the size of this award also. We could conceivably be ineligible for support with more than half of our students on Pell grants because we offer them low tuition and fees. This does not seem appropriate to me. (See attached table.)

If these proposed regulations are allowed to stand, it appears that maybe two of the fifty-eight public community colleges from North Carolina will be eligible to apply for funding under Title III next year. The colleges in North Carolina have received nearly 20 grants each year and have been eligible for many other years. It has been estimated that as many as 75 percent of the two-year colleges in the United States will be ineligible under the proposed regulations. If it is the intent of Congress to serve schools in need of aid to the point that they are threatened in their ability to survive, then these institutions should be eligible. Regulations should not narrow the pool of proposers, but should enhance the quality of the proposals submitted. It is up to the program staff to assure that the evaluation method provides the funds for the most needed projects.

Sincerely,

EDWARD H. WILSON, Jr.,
*President.*

PELL GRANT AWARD DIFFERENTIAL FOR A TYPICAL 2-YEAR COLLEGE STUDENT BASED ON STATE OF COLLEGE ATTENDED

[For a full-time student with a Pell grant eligibility index ranging from 0 to 500]

| State | Tuition and fees | Fixed costs for room, board, books | Cost of education | Amount of Pell grant |
|---|---|---|---|---|
| North Carolina | $143 | $1,500 | $1,643 | $732 |
| South Carolina | 452 | 1,500 | 1,952 | 908 |
| Virginia | 341 | 1,500 | 1,841 | 832 |
| Tennessee | 319 | 1,500 | 1,819 | 832 |
| Colorado | 519 | 1,500 | 2,019 | 932 |
| New York | 903 | 1,500 | 2,403 | 1,132 |
| Delaware | 529 | 1,500 | 2,029 | 932 |
| Georgia | 460 | 1,500 | 1,960 | 882 |
| Indiana | 736 | 1,500 | 2,236 | 1,032 |
| Maryland | 542 | 1,500 | 2,042 | 958 |
| Pennsylvania | 728 | 1,500 | 2,228 | 1,032 |

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CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
*Washington, D.C., January 25, 1982.*

Hon. PAUL SIMON III,
*Chairman Subcommittee on Postsecondary Education,*
*Washington, D.C.*

DEAR CONGRESSMAN SIMON: Your office has recently received a copy of the comments made by Mr. Stephen M. Smith concerning the proposed Title III regulations. Mr. Smith is the Director of Development at the Southeastern Community College in Whiteville, North Carolina.

If possible, please see that Mr. Smith's comments are recorded in the Committee hearing text regarding the proposal.

I appreciate your efforts in this area.

With best wishes.

Sincerely,

CHARLIE ROSE.

Southeastern Community College,
*Whiteville, N.C., September 15, 1981.*

Re comments on proposed title III regulations (34 CFR, Parts 624, 625, 626, and 627).

Ms. Alfreda M. Liebermann,
*Chief, Policy and Planning Section, Institutional Aid Programs, U.S. Department of Education, Washington, D.C.*

Dear Ms. Liebermann: The purpose in my letter to you is to officially comment on the proposed Title III (Institutional Aid Programs) Regulations, which began on page 37470 of the July 20, 1981, Federal Register.

The following are comments on the proposed Title III regulations:

### COMMENT NO. 1

*Reference: Designation of eligibility: Strengthening program, special needs program, page 3741*

We recommend that the Secretary not define a "substantial" percentage of students who receive Pell Grants, as "at least 35 percent of its undergraduate students who were enrolled as at least half-time students and were eligible to apply for Pell Grants in the base year received Pell Grants in that year."

Instead, we recommend that the Secretary develop a points scale so that the higher its percentage of Pell Grant recipients, the more points an institution will receive. Such a points scale has been effective in past years.

We base our rationale on the basis that many institutions which have been designated "developing institutions" for many years, would suddenly be determined ineligible. This fact has been validated by a "field test" performed by Dr. James H. Young. Dr. Young's field test involved 20 institutions from the Southeast, applying the eligibility criteria stated in proposed regulations.

Among the twenty institutions, the mean percentage of Pell Grant recipients was 26 percent. This is significantly less than the 35 percent being proposed in the Title III regulations. Only six institutions had better than thirty-five percent of its eligible students actually receiving BEOG (now Pell) grants in base year 1979-80.

It is further recommended in the event that the Secretary will not consider reverting to the points scale to determine eligibility, that the clause requiring 35 percent of eligible students to actually receive Pell grants, be changed to 15 percent.

### COMMENT NO. 2

*Reference: Bonus points*

We understand that "bonus points" will no longer be given to an institution in determining its eligibility. We recommend that "bonus points" be given to an institution who serves a high number of economically disadvantaged students and to institutions who are located in a rural isolated area.

### COMMENT NO. 3

*Reference: Reader panels*

We understand that the reader panels who will review grants to recommend funding will not have any program staff representative. We recommend that a staff representative serve on each reader panel.

### COMMENT NO. 4

*Reference: Definition of "self-sufficient"*

We recommend that the Secretary further refine and clarify exactly what is meant when it is stated that an institution must be "self-sufficient" at the conclusion of the long term development grant. We concur with the comments on this matter submitted by the ACCTion Consortium.

### COMMENT NO. 5

*Reference: Extension of the September 18 comment period*

We strongly recommend that the comment period be extended beyond the September 18 date. Our reasoning is that these proposed regulations are indeed "substantial" regulations, governing a program of $129.6 million dollars.

We further suggest that a public hearing be conducted regarding the Proposed Title III regulations for the sake of more defined public comment.

I thank you for the opportunity to submit these comments to you.

I hope you will give them your utmost consideration. Thank you.

Sincerely,

STEPHEN M. SMITH,
*Director of Development.*

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